ANNUAL REPORT 2015

Profil Gruppen.





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BRIEF FACTS ABOUT PROFILGRUPPEN

- Started in 1981 in Åseda, Småland
- Listed on the Stockholm Stock Exchange in 1997 and is included in the Small Cap list
- About half of all deliveries are exported, mainly to northern Europe
- The customers manufacture everything from cars to electronics and interior design details
- Certified under the ISO/TS 16949, ISO 14001 and ISO 50001 standards
- Extrusion of aluminium in three production lines
- Anodising facility for surface treatment
- Further processing of aluminium extrusions in the form of bending, stamping and cutting
- Fully automated facility for processing, coating and packaging of interior design details

WHY ALUMINIUM?

FOR THE ENVIRONMENT

Aluminium is a recyclable metal that can be re-used again and again without deterioration of the material's properties. The metal is thus particularly suitable for recycling. Recycling consumes 95 per cent less energy than the primary production process. In lifecycle analyses aluminium is therefore often shown to be a good choice.

The material has a low weight and is very strong. This means that it can be used for low-weight structures which lead to reduced energy use during transport.

FOR ITS PROPERTIES

Aluminium is light but also strong. The material offers many options for joining. It is easy to form into the desired shape. It has a high corrosion resistance. It can be used in a wide variety of components thanks to its high heat and electrical conductivity.

This is PROFILGRUPPEN

ProfilGruppen is a supplier of turnkey customised aluminium components and extrusions. Our vision is to be the preferred supplier of innovative aluminium extrusion solutions in northern Europe.

PRODUCT DEVELOPMENT

Together with our customer, we create a customised integrated solution in which product and production processes are optimised. In addition to the technical properties of the product, we incorporate logistical and administrative benefits at an early stage of the process. In our design work we strive for sustainable long-term solutions in which the product's environmental impact over the course of its lifecycle is factored in.

EXTRUSION

Our solutions are based on extruded aluminium profiles. Each extrusion is created by pressing aluminium ingots through a unique tool matrix. In connection with the extrusion process the extrusion's mechanical properties are assured. It is then packed and sent for further processing or sent directly to the customer.

SURFACE TREATMENT

To create or reinforce functions or appearance, many of the extruded solutions are surface-treated. The most common surface treatment methods are anodisation and powder coating, through which colour, corrosion resistance and durability are added to the product. Other surface treatment methods are also used to meet customer requirements.

PROCESSING SERVICES

We offer a broad range of options for further processing of extrusions, including simple cutting and stamping to advanced milling or bending in fully automated production cells. In some cases we can also assemble the product and package it for sale to consumers. Processing is performed both in our own workshops and through a network of subcontractors.

Significant IMPROVEMENT

Last year we wrote about our increased presence and activity in the market and about our focus on improvement and efficiencies throughout the organisation – an effort that bore fruit over the past year. We have succeeded in following our core plan and there has been a clear improvement in our results.

Knowledge at all stages of the chain from market to production – and the will to improve and move forward in all areas of the company – are the key factors behind this positive trend.

In the third quarter the positive trend in earnings was interrupted as we were hit by the turbulence in commodity markets. The big positive news for the year is that we concluded a record deal.

ProfilGruppen has many opportunities for success. As a material, aluminium can be applied and used in every conceivable application and industry, which, together with the knowledge about aluminium, extrusion and processing that exists in the company, means that we are engaged in a fantastic line of business.

Our principal mission is to deliver added value to our customers as cost-effectively as possible. The starting point is to focus on the customer's needs and applications, and to really work along the whole value chain with the aim of offering the best possible function and technology and thus help make our customers' products and processes even better. An understanding of the customer, knowledge and technology will be the keys to success, in the services we provide to the customer as well as in our own manufacturing processes.

A STRONG POOL OF EXPERTISE

Our efforts to build a strong sales organisation with a high level of technical expertise over the last few years has borne fruit. In our own process chain we have individuals with expert knowledge and many years of experience at all levels. This pool of expertise gives us a strong backbone and puts us in an exciting position from which to continue to build and develop our company.

MARKET DEVELOPMENTS

Delivery volumes increased by 6.8 per cent in 2015 compared with the previous year, with the largest increase taking place in Sweden, where volumes grew by 13 per cent. By comparison, industry trade group EAA reports that volume growth in both the European and Nordic markets was in the order of two per cent.

Sales of new extrusion tools remained at historical all-time highs and continue to provide a good indication that our existing and new customers want to develop and grow together with us.

Another encouraging factor is the wide spread of our growth in the market, covering large, medium-sized and small customers as well as a wide spectrum of industries, although the construction industry accounted for the largest increase during the year.

We have continued our efforts to improve our customer portfolio. While delivery volumes have increased we have also said no to a number of deals, from new as well as existing customers, due to poor profitability. Instead, we have focused more on customers for which our profile and knowledge offer a better match for longer-term profitability. This is an important work for us, which we will continue to drive in 2016.

MORE STABLE PROCESSES AND IMPROVED EFFICIENCY

Since year-end we have had a new production management team with new leaders in nearly all operational areas. Nearly all have been recruited internally and have intimate knowledge and experience of our processes. Coupled with the knowledge and experience that exists among our employees at all stages of the production chain, we have a strong base for continuing to develop our entire production system. Significantly improved stability and increased efficiency throughout the flow bear witness to this. We have also improved our flexibility through skills development, enabling some teams to move across all production lines. This not only improves our ability to meet our customers' needs for deliveries, but also enables us to maximise cost effectiveness in our production system.

Our expertise is crucial to our success. In 2015 we worked on producing a programme for passing on knowledge from internal specialists in different fields, such as theory of material and drawings, to other employees. We will continue to drive this and other skills development initiatives in all areas of operation, which will benefit our customers while also allowing us to develop and grow.

THE BIGGEST DEAL SO FAR

In April we were delighted to announce that we had concluded the biggest deal in the history of the company. The customer is new to us, and the contract will cover deliveries of packaged interior design details, based on processed aluminium extrusions. The contract will run over a number of years and is worth around MSEK 200 annually, with the first deliveries beginning in spring 2016 and then increasing gradually.

The deal was concluded through a new subsidiary, PG&WIP AB, which is jointly owned by ProfilGruppen and WIP Industries Sweden AB. They own 30 per cent of the new company and we own 70 per cent.

In the autumn we built an entirely new, fully automated production facility at a cost of around MSEK 60. The investment was made through the new subsidiary and was funded externally.

The new facility is based on new technology and a fully automated production set-up that is a first for the industry. WIP has extensive knowledge of automation while ProfilGruppen contributes expertise in aluminium and further processing. We are proud at having been able jointly to create a new production concept, which shows that we are able to stand our ground against strong competition from low-cost countries. What is especially pleasing, and of course also a benefit, is that both WIP and ProfilGruppen have their roots in Åseda. This has ensured a good and efficient collaboration for developing the deal as a whole as well as the production concept in a very short space of time.

The deal as a whole will also ensure robust growth in our core business, with around 25 new employees working in three shifts in the new company.

A TURBULENT COMMODITY MARKET

Most things went according to plan over the past year but a turbulent commodity market had a negative impact on the company. ProfilGruppen has raw materials agreements with its customers, which in normal circumstances limits the price risk. However, there is always a certain price risk in inventory, and the sharp decline in the price of aluminium raw material resulted in a one-off charge of around MSEK 13 during the year.

CONTINUED FOCUS ON PROFITABILITY IN 2016

As a whole, we are happy with the year that has passed. In 2016 we will continue to work on improving our profitability and on strengthening ProfilGruppen's position in the market. We will do this partly by growing our business with existing and new customers, primarily in Sweden, where we will aim to continue to capture market share, as well as in Scandinavia and selected markets in northern Europe. Going forward, we will be putting even more energy into implementing efficiencies in all areas of operation.

We will also continue to develop our core areas of expertise, especially in processing, including our own processing activities as well as our collaboration with our external partners. The goal is to further strengthen our profitability and long-term attractiveness in the market.

We look forward to another exciting and enjoyable year. We feel well prepared and will be working hard to ensure that ProfilGruppen develops in the best way, with a focus on our customers, continuous development and skills.

Finally, I would like to express our particular gratitude to our customers for your confidence in us. We look forward to a continued successful partnership. A big thank you is also due to all my colleagues and fellow employees for your tremendous efforts during an intensive and exciting year, and also to our shareholders for your support for our company.

Åseda, February 2016

Per Thorsell

Risks and risk management

All business activities involve risks. Managing risks is a part of our day-to-day activities, and efficient risk management can help to avoid damage and losses.

The Board of Directors has overall responsibility for the company's risk management. The CEO is responsible for ongoing risk management in accordance with the Board's guidelines. To aid this work, a series of group-wide policies, including a financial policy and a raw material policy, have been drawn up. Our ambition is to achieve ProfilGruppen's general objectives through well-considered risk-taking within certain defined limits.

OPERATIONAL RISKS

DEPENDENCE ON CUSTOMERS

To minimise its dependence on individual customers, ProfilGruppen strives to achieve a diversified customer base that is not dominated by a small number of large customers. In 2015 no individual customer accounted for more than ten per cent of revenues. The Group sells to a large number of customers, which inevitably means that some of these will occasionally experience payment problems. Customer credit risk is managed by each customer being assigned a basic limit based on the scope of their business and its content, its rating from Dun & Bradstreet, and a credit assessment carried out by the Group's Credit Controller. During 2015, 89 per cent (86) of the company's customers had a rating between AAA and A.

Concentration of credit risk at 31 Dec 2015	Number of customers	Share of customers
Exposure < MSEK 1	287	91%
Exposure MSEK 1.0–5.0	26	8%
Exposure > MSEK 5	4	1%
	317	**100%**

DEPENDENCE ON SUPPLIERS

ProfilGruppen is dependent on a large number of suppliers. The loss of a key supplier may result in costs and problems delivering to our customers. In order to reduce this risk, we have signed delivery agreements with strategic suppliers. In order to ensure that all key input goods are available, we have also developed contact with alternative suppliers.

ProfilGruppen continually evaluates its strategic suppliers to ensure that they meet our customers' requirements with regard to factors such as quality, delivery reliability, financial stability, environment and cost-effectiveness.

SEASONAL AND CYCLICAL FLUCTUATIONS

Our customers are spread across several industries and geographic markets. This industry spread is a deliberate strategy aimed at reducing sensitivity to seasonal and cyclical fluctuations. Most of our major customers operate globally, which means that they, and indirectly ProfilGruppen, are affected by the strength of the global economy.

Our industry soon feels the effects of any general weakening of the economy, and the same is true of a recovery in economic activity.

RESPONSIBILITY

Our exposure to the car industry, for example, creates liability risk. ProfilGruppen has overall liability to the customer, including for components processed by subcontractors. Future risks are covered by separate agreements and insurance policies. We work together with an external advisor on insurance and risk issues, with regard to matters such as global product and recall liability.

To prevent risks to health and safety, ProfilGruppen has established an internal reporting system for higher-risk situations that is used actively.

PRODUCTION STOPPAGES

To minimise disruptions in production, risk assessments are made on an ongoing basis along with preventive work at the Group's production facilities. Should such an event occur, the Group has consequential loss insurance that covers loss of contribution margins for up to 24 months.

ENVIRONMENT

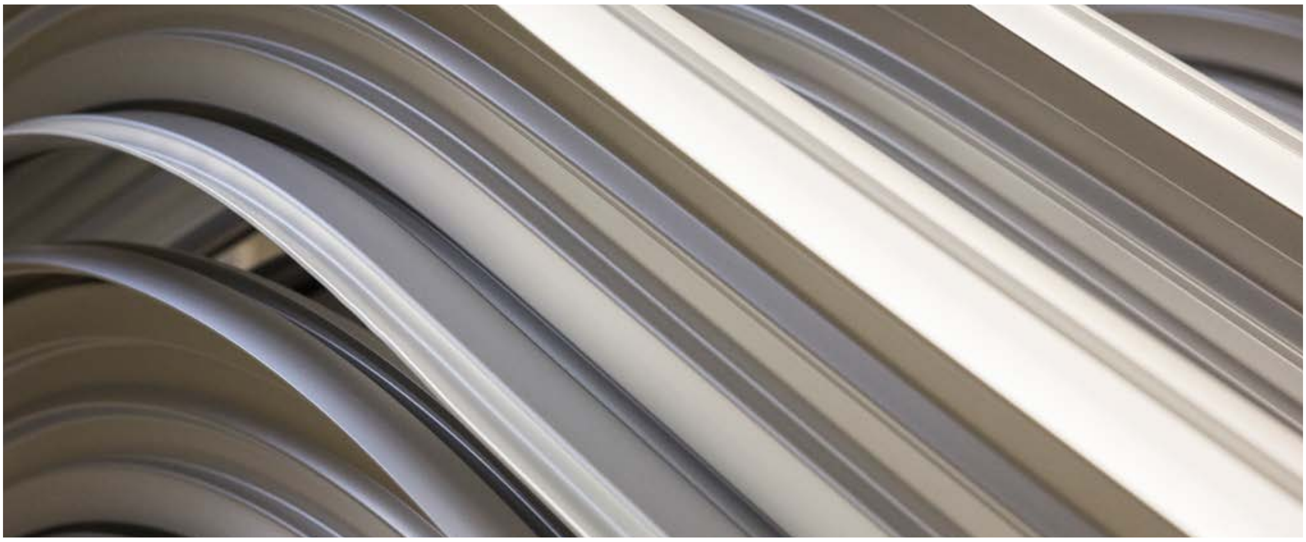
The Group's operations can cause damage to land, water and air and to biological processes. New, stricter environmental directives could increase costs, as the company will need to adapt its operations to the new requirements. ProfilGruppen's aim is to be well within the ranges specified by legislation. ProfilGruppen is certified under the ISO 14001 standard. The Group's environmental manager is responsible for monitoring the environmental work of the Group.

SKILLS

ProfilGruppen is dependent on its ability to continuously attract, retain and develop individuals with the right skills profile. Working deliberately to ensure that we are viewed as an attractive workplace, for existing as well as potential employees, is therefore an important strategy. Our effort to ensure continuous skills development through internal and external training programmes is another important factor.

IT

IT is an important part of all processes at the company, which means that demands on availability are also increasing. Stoppages can lead to production losses, invoicing losses or reduced efficiency within various parts of the business. Our IT infrastructure is monitored continuously to ensure operational continuity. Redundancy is desirable in all parts of the IT infrastructure, which, along with constant development of the continuity plan, aims to minimise operational disturbances. Internal expertise focuses on business-critical and operationally critical systems.



CAPACITY RISK

Currently, our extrusion production capacity is not fully utilised. For further processing, an external network of subcontractors is used. These were responsible for 69 per cent (65) of the total further processing during 2015. At our own facilities machining is largely performed where there are opportunities for a high degree of automation.

RAW MATERIALS

ProfilGruppen's main raw material is alloyed aluminium ingots. This expense item accounted for 48 per cent (43) of operating expenses in 2015. The raw material is priced in US dollars on the London Metal Exchange (LME) and the price has historically been very volatile.

ProfilGruppen applies raw material clauses in customer contracts, which limit the company's sensitivity to fluctuations in the raw material price. There is always a certain price risk in inventory, however. In 2015 the price of the raw material saw an unexpectedly sharp decline, which led to a non-recurring charge related to this price risk.

Raw material purchases are controlled by the Group's raw material policy. Purchases are made in Swedish kronor (SEK) and euros (EUR) in order to match the customers' contract currency and thus reduce the currency risk. Raw material purchases are made in proportion to expected customer orders. Purchases for periods longer than six months are based on contracts with customers.

ProfilGruppen's raw material committee meets once a week and checks that the policy is being followed.

The supply of raw materials is ensured through deliveries from four different suppliers. As they all have a global presence, Profil-Gruppen is able to guarantee its supply of raw materials, even if European consumption exceeds the production of aluminium in Europe.

ENERGY

ProfilGruppen consumes approximately 30 GWh of electrical energy per year. In total, energy represents just under two per cent of the operating expenses. The Group had secured the price for most of its 2016 consumption by the end of the year.

FINANCIAL RISKS

CURRENCY RISKS

Currency risk means that a fluctuation in the exchange rate has an impact on the Group's results, cash flow or balance sheet.

The foreign subsidiaries have very limited activities, and thus a limited balance sheet, and the Group therefore only protects itself against transaction risk related to currency exposure. The Group has net inflows in all currencies. The company typically hedges 50–70 per cent of the flow within 6–12 months. This is preferably done through forward contracts.

US dollar fluctuations affect ProfilGruppen's customer prices because raw aluminium is priced in US dollars. Raw material clauses are included in the majority of contracts, which means that exposure can be minimised.

If the exchange rate between the Swedish krona and the most significant currencies moves by ten per cent, and provided that no exchange hedging measures have been taken, the following effects may be seen in the operating profit.

Currency effect

Effect on operating profit from changes in exchange rates equivalent to ten per cent excluding hedging activities.

	2015	2014
EUR	+/- MSEK 10	+/- MSEK 10
DKK	+/- MSEK 2	+/- MSEK 1
NOK	+/- MSEK 1	+/- MSEK 2

INTEREST RISK

Interest risk is the risk of an impact on the Group's earnings as a result of changes in market interest rates. ProfilGruppen uses interest rate swaps to reduce the risks of such a short-term impact.

According to the financial policy, the interest fixing term is limited to 60 months and at least 30 per cent of the Group's loans must have variable interest rates.

CREDIT RISK

ProfilGruppen's credit risks arise when investing in financial instruments. To minimise this risk, trading is only permitted with a few counterparties approved by the Board of Directors.

REFINANCING RISK

The company has a permanent need to finance the capital requirements of the business. The company secures its financial requirements through bank loans. The policy is always to have loan promises or agreements for at least twelve months. The current agreement extends over twelve months. The agreement requires certain financial targets to be met.

DIRECTORS' REPORT

The Board of Directors and CEO of ProfilGruppen AB (publ), corporate identity number 556277-8943, hereby submit the annual report and consolidated accounts for the period 1 January–31 December 2015, which is ProfilGruppen's thirty-fifth year of activity.

ProfilGruppen runs operations in the form of a limited company (publ) and has its registered office in Uppvidinge municipality, Kronoberg county, Sweden. The company address is: Box 36, SE-36421 Åseda, Sweden.

THE GROUP

ProfilGruppen AB (publ) is the parent company of the ProfilGruppen Group. The Group is a supplier of turnkey customised aluminium components and extrusions. The core business is conducted in the subsidiary company ProfilGruppen Extrusions AB. Sales are conducted through a sales organisation based at the head office in Åseda and sales offices in Stockholm, Umeå, Norway and Germany. Design, product development, extrusion manufacture and processing are carried out mainly in Åseda. Processing is also performed in close co-operation with a number of independent companies.

In 2015 the subsidiary company PG&WIP AB began operations following the conclusion of a new customer agreement by ProfilGruppen. The operations will comprise deliveries of packaged interior design details based on processed aluminium extrusions. The subsidiary is jointly owned with WIP Industries Sweden AB, which holds a 30 per cent stake while ProfilGruppen has a 70 per cent stake.

Revenue and profit

ProfilGruppen generated revenues of MSEK 980.2 (808.6) in 2015, an increase of around 21 per cent year on year, which is partly due to the fact that the aluminium price in the first half of the year was significantly higher than in the previous year. The increased value added-to-sales ratio and currency effects also had a positive impact on sales. The delivery volume was 21,950 tonnes (20,550) of aluminium extrusions, an increase of seven per cent compared with the previous year. The share of exports amounted to 45 per cent (48) of the volume, and 44 per cent (46) of the revenue.

The Group's operating profit amounted to MSEK 22.9 (7.1). The result is equivalent to an operating margin of 2.3 per cent (0.9). The operating profit for the third quarter includes non-recurring charges of MSEK 13.4 related to the decline in the price of aluminium raw material. ProfilGruppen has raw materials agreements with its customers, which in normal circumstances limits the price risk. However, there is always a certain price risk in inventory, and the sharp decline in the price of aluminium led to non-recurring costs. The operating profit for the fourth quarter includes start-up costs of MSEK 2.5 in the partly owned company PG&WIP AB. Earnings for the previous year included MSEK 2.7 in positive one-off effects. The underlying positive trend in earnings is explained by an increased value added-to-sales ratio, an improved customer mix, margin improvements and currency effects.

The Board's earnings target is an operating margin of six per cent over the course of a business cycle.

The profit before tax was MSEK 17.8 (0.9). The profit after tax was MSEK 13.0 (4.0).

Earnings per share were SEK 1.88 (0.62). The average in thousands of shares was 7,399 (6,488).

Investments, depreciation and disinvestment.

Investments totalled MSEK 68.4 (26.6), of which MSEK 53.0 (0.0) is attributable to the building of an entirely new automated production facility in the subsidiary company PG&WIP AB. Scheduled depreciation for the year totalled MSEK 21.9 (20.8).

No impairment losses were recognised in 2015. In 2014 a property was written down by MSEK 0.6 and processing equipment was written down by MSEK 0.3. During the year impairment losses of MSEK 2.2 (0.0) were reversed in connection with the sale of a property.

Financial position and cash flow

ProfilGruppen's net debt/equity ratio increased during the year to 0.61 (0.44). The target is to keep the net debt/equity ratio within a range of 0.75-1.00. The return on capital employed amounted to 7.4 per cent (2.8). The profitability target for capital employed is set at 15 per cent. The Group's profitability target refers to an average over one business cycle.

The equity ratio amounted to 40.8 per cent (41.9) at the end of the year.

Cash and cash equivalents amounted to MSEK 9.3 (1.1) at the end of the year, while the Group's non-utilised credit facilities, in addition to cash and cash equivalents, totalled MSEK 98.9 (119.1).

The cash flow from operating activities was MSEK 13.2 (27.4) and the corresponding figure after investments was MSEK -53.0 (12.1). The reduced cash flow is primarily explained by an increase in working capital owing to increased sales and a higher pace of investment. The balance sheet total as of 31 December 2015 was MSEK 539.7, compared with MSEK 478.6 as of 31 December 2014. A rights issue in 2014 raised MSEK 40.6 for the Group after issue costs.

Market

In the most recent report from European industry trade group EAA it is estimated that the market volume for aluminium extrusions in Europe had increased by around two per cent in 2015 compared with 2014. The Nordic market is deemed to have increased by around two per cent. Our deliveries to the Swedish market increased by about 13 per cent on the previous year. Market share increased across all industries and is highest in the construction industry. This means that ProfilGruppen has continued to capture market share in the Swedish market, as planned.

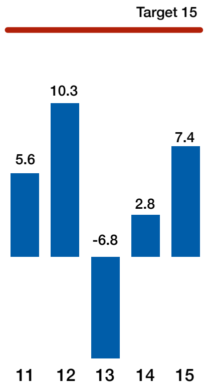
Manufacturing

All manufacturing activities are based on the extrusion of aluminium. The company has three extrusion lines and a facility for surface treatment of the extrusions. Group production of aluminium extrusions totalled 21,950 tonnes (21,000) in 2015.

The extrusions are processed in different ways. The company's own facilities mainly offer cutting processing and bending, but a wide range of other processing services are sourced from a network of subcontractors.

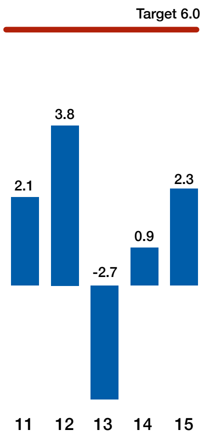
During the year a fully automated production line, including processing, surface treatment and packing, was established in the subsidiary company PG&WIP AB. The line will be producing packaged interior design details based on processed aluminium extrusions with deliveries commencing in spring 2016. The concept is based on new technology for the industry.

FINANCIAL TARGETS



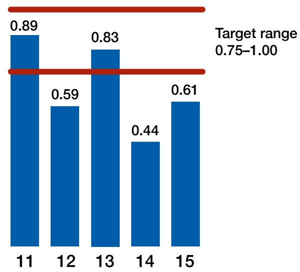
Return on capital employed,
per cent

Result for the year	7.4
Five-year average	3.9
Target	15



Operating margin,
per cent

Result for the year	2.3
Five-year average	1.3
Target	6



Net debt/equity ratio,
times

Result for the year	0.61
Five-year average	0.67
Target	0.75–1.00

Development work

Constant improvement of processes and products is an important aspect of the Group's activities. New products and product models for existing or potential customers are created on a daily basis. Close collaboration with the customer helps to broaden knowledge of a customer's products, and constructive ideas can be put forward concerning possible improvements to product properties. During the construction and design phase, ProfilGruppen's designers have excellent opportunities to adapt a product's environmental impact, lifecycle economy and potential for recycling.

Process development is carried out in partnership with customers, raw material suppliers, and tool and machinery manufacturers.

The costs associated with this work do not normally meet the criteria for reporting as assets, but are recognised as cost of goods sold and selling expenses in the consolidated income statement, see note 6. For each development project there is an assessment of whether or not the costs should be capitalised. During the year no development expenditure has been capitalised.

Quality

ProfilGruppen Extrusions AB was certified in accordance with the quality assurance system ISO 9002 in 1991. In 1999 ProfilGruppen became the first Nordic company in its sector to be certified in accordance with the automotive industry's quality system at the time. Quality standards in the automotive industry are raised continually. The standard which the industry relies on today is ISO/TS 16949. ProfilGruppen has been certified since 2006.

Environment

ProfilGruppen contributes to positive environmental development by offering customers aluminium extrusions, which is better from a lifecycle perspective and means that environmentally harmful materials and processes are replaced.

The Group's principal environmental goal is to minimise waste in the manufacturing process. A certain amount of aluminium scrap is a natural by-product of the process but the company is working actively to reduce this share while also seeking to minimise scrap that is due to quality issues. The target for 2015 was to reduce the share of scrap by three per cent and the outcome was a reduction of five per cent.

Another target for 2015 was a two per cent reduction in energy use whereas the actual reduction was as much as five per cent.

ProfilGruppen's environmental and energy policy is available on the company's website, *www.profilgruppen.se*.

The company has been certified under the ISO 14001 environmental management system since 1998.

The company has also been certified under the ISO 50001 energy management system with the aim of improving energy efficiency.

The Group conducts operations that require a permit and are subject to notification requirements under the Swedish Environmental Code. Within the Group there are plants for the manufacture of aluminium extrusions and for processing using surface treatment and machining. These activities have an impact on the external environment, mainly in the form of discharges into water and noise. All waste water from activities is purified before being discharged.

Risks

ProfilGruppen's activities are, like all business activities, exposed to risks, which are described in greater detail in note 19 and on pages 6–7.

Personnel

The average number of employees in the Group totalled 339 (331). The number of employees in the Group at 31 December 2015 was 353 (330), of whom 16 were recruited in the new company, PG&WIP.

Women make up 25 per cent (24) of the Group’s total workforce. Staff turnover during the year amounted to 6.2 per cent (3.8). Payroll expenses amounted to MSEK 139.6 (140.3).

Peter Schön, the company’s CFO since 2006, ended his employment on 30 November 2015. On 1 December Ulrika Bergmo Sköld took over as CFO.

Shares and shareholders

Each share in the company corresponds to one vote.

The ownership interests that exceed ten per cent are Ringvägen Venture AB's 28.4 per cent, Lars Johansson's 14.5 per cent, and Mats and Kerstin Egeholm's 10.5 per cent. In 2014 ProfilGruppen conducted an underwritten rights issue. The share capital increased from MSEK 24.7 to MSEK 37.0. The number of shares increased from 4,932,517 shares to 7,398,775 shares.

Largest individual shareholders

Shareholder	Number of shares	Holding, % 2015	Holding, % 2014
Ringvägen Venture AB	2,099,983	28.4	26.7
Lars Johansson	1,073,466	14.5	14.5
Mats Egeholm	533,882	7.2	7.2
Kerstin Egeholm	241,494	3.3	3.3
Nordea Life & Pensions	236,700	3.2	3.2
Hanna Kusterer	184,481	2.5	1.6
Rickard Behm	159,670	2.2	2.2
Mats Jonson	131,132	1.8	1.8
Försäkringsaktiebolaget, Avanza Pension	111,810	1.3	2.4
Claes Mellgren	105,615	1.4	1.2
10 largest individual shareholders	**4,878,233**	**65.7**	**64.1**
Other shareholders	2,520,542	34.3	35.9
Total	**7,398,775**	**100.0**	**100.0**

December 2015

Other share-related information to be provided in the Directors’ Report for a listed company in accordance with the Annual Accounts Act can be found in note 15.

Corporate governance

The work of the Board of ProfilGruppen AB is regulated by the formal work plan, which is established annually at the Board meeting following election at the Annual General Meeting. The Remuneration Committee as well as the Audit Committee consists of all members of the Board of Directors. Prior to the 2016 AGM, the Nominating Committee will be responsible for proposing Board members and auditors, as well as fees for the Board, committees and auditors. More information on the work of the Board and corporate governance at ProfilGruppen is available in the corporate governance report in this annual report and at *www.profilgruppen.se.*

Remuneration of senior executives

The Board prepares a proposal for guidelines for remuneration of the Group's CEO and other senior executives. The proposal is based on the company's long-term Remuneration Policy, which is evaluated on an on-going basis. The Board of Directors proposes that the 2016 AGM adopt the following guidelines.

The guidelines cover the Chief Executive Officer and other members of the management team, currently five individuals including the CEO. Total remuneration may consist of a fixed basic salary, variable remuneration, pension and other benefits. Variable remuneration, which is capped at 25 per cent of the fixed salary, is linked to the Group’s results and only in specific instances to individual targets. Variable remuneration is conditional on a positive net result for the Group and will be retrospectively adjusted if it has been paid on apparently erroneous grounds. Agreements on pension benefits are arranged individually and the pension costs can amount to a maximum of 30 per cent of the fixed salary. Other remuneration and benefits shall be at market rates and shall help to facilitate the senior executive's opportunities to carry out their work. The employment contracts of members of the management team are generally terminable on six months’ notice by either party. The Board may depart from the guidelines if there are special reasons in an individual case.

For 2015 the same guidelines have applied, as described in note 4.

Outlook for 2016

Sales-wise, the first quarter has got off to a stable start. As planned, start-up costs of around MSEK 3.0 in the subsidiary company PG&WIP AB will be charged to earnings for the period. As of the second quarter we expect that the new company will make a positive contribution to the Group’s operations.

At the same time developments in the wider market, politically and financially, remain hard to forecast.

THE PARENT COMPANY

Rental income from companies in the Group account for 98 per cent of revenues in the parent company ProfilGruppen AB. Purchases from Group companies consist of payments for services.

The parent company has no employees (0).

Dividend

In view of the weak result for the year the Board proposes that no dividend be paid for the financial year 2015.

The Board and the CEO propose that standing profits available as per the balance sheet, of SEK 88,067,520, be appropriated in the following manner:

Dividend to shareholders	SEK	0
To be carried forward	SEK	88,067,520
Total profits according to balance sheet	SEK	88,067,520

The annual report

Details of the company's and the Group's profits and overall financial position may be found in the following income statement and balance sheet with the notes to these accounts.

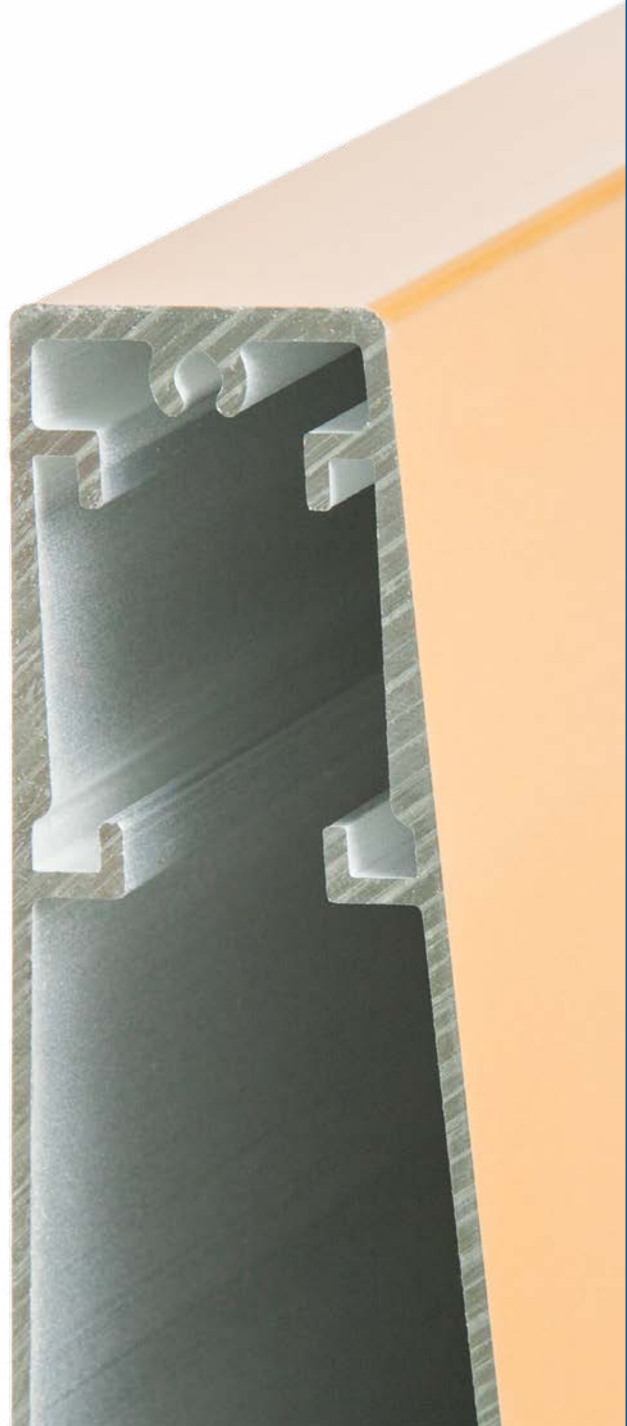
The consolidated income statement and balance sheet and the parent company's income statement and balance sheet for 2015 are to be submitted for approval at the Annual General Meeting on 19 April 2016.

FIVE-YEAR SUMMARY		2011	2012[3]	2013	2014	2015[5]
Net sales/Revenue	MSEK	836.7	786.0	730.0	808.6	980.2
Profit/loss before depreciation/amortisation and impairment	MSEK	48.6	58.2	5.5	28.9	44.8
Operating profit/loss	MSEK	17.7	30.1	-20.0	7.1	22.9
Operating margin	%	2.1	3.8	-2.7	0.9	2.3
Profit/loss before tax	MSEK	10.6	23.0	-26.0	0.9	17.8
Profit margin	%	1.3	2.9	-3.6	0.1	1.8
Return on equity	%	4.5	13.6	-12.2	2.2	6.2
Return on capital employed	%	5.6	10.3	-6.8	2.8	7.4
Cash flow from operating activities	MSEK	21.6	51.2	-10.0	27.4	13.2
Investments	MSEK	31.2	13.3	15.1	26.6	68.4
Liquidity reserve	MSEK	68.0	105.2	83.6	120.2	108.2
Net debt	MSEK	144.1	104.8	131.2	88.9	133.8
Interest-bearing liabilities and interest-bearing provisions	MSEK	146.0	106.5	133.5	90.0	143.1
Net debt/equity ratio	times	0.89	0.59	0.83	0.44	0.61
Balance sheet total	MSEK	513.1	448.7	451.2	478.6	539.7
Equity ratio	%	31.5	39.9	35.0	41.9	40.8
Capital turnover rate	times	2.6	2.6	2.5	2.8	3.0
Proportion of risk-bearing capital	%	39.6	46.5	40.4	46.8	45.7
Interest coverage ratio	times	2.4	4.0	-3.1	1.1	3.8
Employees						
Average number of employees		391	355	333	331	339
Number of positions at year-end		371	308	323	324	353
Staff turnover	%	6.9	18.9	3.3	3.8	6.2
Average age	years	45	46	46	47	46
Salary costs including social security contributions	MSEK	213.5	181.0	183.6	195.3	195.8
Revenue per employee (average)	SEK thousand	2,140	2,214	2,192	2,443	2,892
Profit/loss before tax per employee (average)	SEK thousand	27	65	-78	3	52
Per share						
Average number of shares [1) 4)]	thousands	5,602	5,602	5,602	6,488	7,399
Earnings per share [4)]	SEK	1.33	4.10	-3.66	0.62	1.88
Cash flow from operating activities per share [4)]	SEK	3.86	9.14	-1.78	4.23	1.79
Net asset value per share [4)]	SEK	28.81	31.93	28.22	27.07	29.26
Dividend per share [2)]	SEK	0.00	0.00	0.00	0.00	0.00

1) There is no dilution.
2) For 2015 this refers to the dividend distribution proposed by the board.
3) Figures for 2012 have been restated with regard to new accounting principles.
4) The number of shares has been restated in accordance with IAS 33 after the rights issue that was completed in 2014.
5) The key performance indicators are based on figures for the Group, including non-controlling interests, except for earnings per share and net asset value per share.

For definitions, see the last page of the annual report.

FINANCIAL STATEMENTS



Consolidated statement of comprehensive income

(MSEK)		Note	2015	2014
Revenue		2	980.2	808.6
Cost of goods sold			-885.8	-732.2
Gross profit			**94.4**	**76.4**
Other operating revenue		3	0.1	2.7
Selling expenses			-43.8	-44.8
Administrative expenses			-27.1	-26.5
Other operating expenses		3	-0.7	-0.7
Operating profit/loss		4, 5, 6	**22.9**	**7.1**
Financial income		7	1.2	0.9
Financial expense		7	-6.3	-7.1
Net financial income/expense			-5.1	-6.2
Profit/loss before tax			**17.8**	**0.9**
Tax		9	-4.8	3.1
Profit/loss for the year			**13.0**	**4.0**
Other comprehensive income				
Items that will be reclassified to net earnings				
Change in hedging reserve		15	2.3	-0.7
Change in translation reserve			-0.1	0.0
Deferred tax on the above items			-0.5	0.2
Total items that will be reclassified to net earnings			1.7	-0.5
Items that will not be reclassified to net earnings				
Restatement of defined benefit obligations			0.8	-2.3
Deferred tax on the above items			-0.1	0.5
Total items that will not be reclassified to net earnings			0.7	-1.8
Comprehensive income for period			**15.4**	**1.7**
Profit for the year attributable to:	Parent company shareholders		13.8	4.0
	Non-controlling interests		-0.8	0.0
Comprehensive income attributable to:	Parent company shareholders		16.2	1.7
	Non-controlling interests		-0.8	0.0
Earnings per share before and after dilution, SEK		16	**1.88**	**0.62**

Consolidated statement of financial position

(MSEK)		Note	31 Dec 2015	31 Dec 2014
Assets	Intangible assets	10	10.0	10.0
	Property, plant and equipment	11	252.9	209.2
	Financial fixed assets:	12	1.3	1.5
	Total fixed assets		**264.2**	**220.7**
	Inventories	13	130.3	127.0
	Trade receivables	14	122.0	107.4
	Prepaid expenses and accrued income	18	5.5	4.3
	Current tax assets		4.3	4.7
	Other receivables	19	4.1	13.4
	Cash and cash equivalents	22	9.3	1.1
	Total current assets		**275.5**	**257.9**
Total assets		2	**539.7**	**478.6**
Equity	Share capital		37.0	37.0
	Other paid-up capital		29.5	29.6
	Reserves		-1.9	-3.7
	Retained earnings incl. profit/loss for the year		151.9	137.4
	Non-controlling interests		3.7	0.0
	Total equity	15	**220.2**	**200.3**
Liabilities	Non-current interest-bearing liabilities	17, 19	57.6	32.3
	Provisions for pensions	4	17.4	21.3
	Deferred tax liabilities	9	26.4	23.4
	Total non-current liabilities		**101.4**	**77.0**
	Current interest-bearing liabilities	17, 19	68.0	36.4
	Trade payables		91.7	108.3
	Current tax liabilities		2.0	0.2
	Other liabilities	19	12.4	11.3
	Accrued expenses and deferred income	18	44.0	45.1
	Total current liabilities		**218.1**	**201.3**
	Total liabilities		**319.5**	**278.3**
Total equity and liabilities			**539.7**	**478.6**

For pledged assets and contingent liabilities, see note 20.

Consolidated statement of changes in equity

(MSEK) **Consolidated equity** Note 15	**Share capital**	**Other paid-up capital**	**Translation reserve**	**Hedging reserve**	**Retained earnings incl. profit for the year**	**Non-controlling interests**	**Total equity**	**Number of shares**
Opening 1 Jan 2014	**24.7**	**1.4**	**0.0**	**-3.2**	**135.2**	**0.0**	**158.1**	**4,932,517**
Comprehensive income								
Profit/loss for the year					4.0	0.0	4.0	
Other comprehensive income			0.0	-0.5	-1.8	0.0	-2.3	
Transactions with shareholders								
Rights issue	12.3	28.2					40.5	2,466,258
Dividend					0.0	0.0	0.0	
Closing 31 Dec 2014	**37.0**	**29.6**	**0.0**	**-3.7**	**137.4**	**0.0**	**200.3**	**7,398,775**
Opening 1 Jan 2015	**37.0**	**29.6**	**0.0**	**-3.7**	**137.4**	**0.0**	**200.3**	**7,398,775**
Comprehensive income								
Profit/loss for the year					13.8	-0.8	13.0	
Other comprehensive income			0.0	1.8	0.6	0.0	2.4	
Transactions with shareholders								
Shareholders' contributions					0.0	4.5	4.5	
Dividend					0.0	0.0	0.0	
Closing 31 Dec 2015	**37.0**	**29.6**	**0.0**	**-1.9**	**151.8**	**3.7**	**220.2**	**7,398,775**

Consolidated statement of cash flows

(MSEK)	**Note**	**2015**	**2014**
Current operations	22		
Operating profit/loss		22.9	7.1
Adjustment for non-cash items		19.0	22.3
Interest received		1.2	0.9
Interest paid		-6.1	-6.9
Dividend		0.0	0.0
Paid income tax		-0.1	7.8
Cash flow from operating activities prior to change in working capital		**36.9**	**31.2**
Cash flow from changes in working capital			
Inventories		-3.3	-19.4
Operating receivables		-5.4	-13.7
Operating liabilities		-15.0	29.3
Cash flow from operating activities		**13.2**	**27.4**
Investment activities			
Acquisition of property, plant and equipment		-68.4	-15.6
Sale of property, plant and equipment		2.1	0.3
Acquisition of financial assets		0.0	0.0
Cash flow from investment activities		**-66.3**	**-15.3**
Financing activities			
Rights issue/Shareholders' contributions		4.5	40.5
Change in bank overdraft facility utilised		32.1	-46.0
Loans raised		30.0	0.0
Repayment of loans		-1.8	-6.3
Repayment of leasing liabilities		-2.4	-1.6
Cash flow from financing activities		**62.4**	**-13.4**
Cash flow for the year		**9.3**	**-1.3**
Cash and cash equivalents, opening balance		1.1	2.3
Translation differences in liquid assets		-1.1	0.1
Cash and cash equivalents, closing balance		**9.3**	**1.1**

Parent company income statement[1)]

(MSEK)	Note	2015	2014
Revenue	2	22.3	25.9
Cost of goods sold		-3.5	-6.1
Gross profit		**18.8**	**19.8**
Administrative expenses		-2.8	-7.5
Other operating revenue	3	0.1	0.0
Operating profit/loss	4, 5	**16.1**	**12.3**
Income from participations in subsidiaries	7	0.4	0.0
Interest income and similar income and expense items	7	0.4	0.5
Interest expenses and similar income and expense items	7	-0.4	-1.0
Profit/loss after financial items		**16.5**	**11.8**
Appropriations	8	-3.0	-11.3
Profit/loss before tax		**13.5**	**0.5**
Tax	9	-2.9	3.6
Profit/loss for the year		**10.6**	**4.1**

1) The parent company income statement also constitutes the parent company statement of comprehensive income.

Parent company balance sheet

(MSEK)		Note	31 Dec 2015	31 Dec 2014
Assets	Property, plant and equipment	11	80.1	84.8
	Financial fixed assets	21	84.5	73.9
	Total fixed assets		**164.6**	**158.7**
	Receivables from Group companies		16.0	24.7
	Other receivables		0.1	0.1
	Current tax assets		0.0	0.1
	Total current receivables		16.1	24.9
	Cash and bank balances	22	0.4	0.4
	Total current assets		**16.5**	**25.3**
Total assets			**181.1**	**184.0**
Equity capital and liabilities				
	Restricted equity			
	Share capital		37.0	37.0
	Non-restricted equity			
	Share premium reserve		29.5	29.5
	Retained earnings		77.4	73.3
	Profit/loss for the year		10.6	4.1
	Total equity	15	**154.5**	**143.9**
	Untaxed reserves	8	**17.8**	**14.8**
	Deferred tax liabilities	9	**4.1**	**3.3**
	Non-current interest-bearing liabilities to credit institutions	17, 19	**0.7**	**1.7**
	Interest-bearing liabilities to credit institutions	17, 19	0.5	17.6
	Non-interest bearing liabilities			
	Trade payables		0.1	0.1
	Other liabilities		2.4	0.6
	Accrued expenses and deferred income	18	1.0	2.0
	Total current liabilities		**4.0**	**20.3**
Total equity and liabilities			**181.1**	**184.0**
Pledged assets for Group companies' liabilities to credit institutions		20		
	Property mortgages		78.0	78.6
	Shares in subsidiaries		73.9	73.9
Contingent liabilities				
	Guarantees for Group companies		31.8	34.7

Parent company statement of changes in equity

(MSEK)	Restricted equity	Non-restricted equity		Total equity
	Share capital	Share premium reserve	Retained earnings	
Opening equity 1 Jan 2014	**24.7**	**1.3**	**73.3**	**99.3**
Profit/loss for the year			4.1	4.1
Transactions with shareholders				
Rights issue	12.3	28.2		40.5
Dividend			0.0	0.0
Closing equity 31 Dec 2014	**37.0**	**29.5**	**77.4**	**143.9**
Opening equity 1 Jan 2015	**37.0**	**29.5**	**77.4**	**143.9**
Profit/loss for the year			10.6	10.6
Transactions with shareholders				
Dividend			0.0	0.0
Closing equity 31 Dec 2015	**37.0**	**29.5**	**88.0**	**154.5**
Proposed dividend for the financial year 2015			0.0	0.0

Parent company statement of cash flows

(MSEK)	Note	2015	2014
Current operations	22		
Operating profit/loss		16.1	12.3
Adjustment for non-cash items		3.3	4.3
Interest received		0.4	0.5
Interest paid		-0.4	-1.0
Dividend		0.4	0.0
Paid income tax		-0.4	6.2
Cash flow from operating activities prior to change in working capital		**19.4**	**22.3**
Cash flow from changes in working capital			
Operating receivables		8.8	-23.8
Operating liabilities		-1.1	-18.4
Cash flow from operating activities		**27.1**	**-19.9**
Investment activities			
Acquisition of property, plant and equipment		-0.4	-0.1
Sale of property, plant and equipment		1.9	0.0
Shareholders' contributions, subsidiaries		-10.5	0.0
Cash flow from investment activities		**-9.0**	**-0.1**
Financing activities			
Rights issue		0.0	40.5
Group contributions		0.0	-15.5
Change in bank overdraft facility utilised		-17.6	0.0
Repayment of loans		-0.5	-5.0
Cash flow from financing activities		**-18.1**	**20.0**
Cash flow for the year		**0.0**	**0.0**
Cash and cash equivalents, opening balance		0.4	0.4
Cash and cash equivalents, closing balance		**0.4**	**0.4**

NOTES

1 ACCOUNTING PRINCIPLES

Compliance with set standards and legislation

The consolidated accounts have been drawn up in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as approved by the EC Commission for application within the EU. In addition, RFR 1 Supplementary Accounting Regulations for Groups has also been applied.

Unless otherwise stated under the heading The parent company's accounting principles, the same principles are applied to the parent company as to the Group. Any deviations that occur are due to restrictions in the ability to apply IFRS to the parent company as a result of the Swedish Annual Accounts Act (ÅRL) and the Act on Safeguarding of Pension Obligations (Tryggandelagen) and, in some instances, are for tax purposes.

Assumptions during preparation of the parent company's and the Group's financial statements

The parent company's functional currency is Swedish krona, which is the reporting currency for both the parent company and the Group. The financial statements are therefore presented in Swedish krona (SEK). All amounts, unless stated otherwise, are rounded off to the nearest million kronor. Assets and liabilities are recognised at historical cost, with the exception of certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities measured at fair value comprise derivative instruments or available-for-sale financial assets.

The accounting principles set out below for the Group have been applied consistently to those periods included in the consolidated financial statements, unless otherwise stated below. The Group's accounting principles have been applied consistently to any reporting and consolidation of subsidiaries.

Revised accounting principles

The accounting principles applied are consistent with those that were applied the previous year with the exceptions indicated below.

This year the Group has introduced the following standards, amendments and interpretations that entered into force in 2015 and which are approved by the EU and considered relevant to the Group.

- IFRIC 21 Levies. The interpretation clarifies when to recognise a liability for a levy (covered by IAS 37) and may affect the allocation of levies to accounting periods in the consolidated financial statements. The interpretation has not had a material impact on the consolidated financial statements.

- IAS 19 Employee benefits – Amendment. It introduces a change in respect of the accounting of employees' or third parties' contributions to defined benefit plans linked to employment. The amendment introduces a difference in the accounting depending on whether the contribution is contingent on the number of years of employment or not. The amendment has not affected the consolidated financial statements.

- Annual Improvements to IFRSs 2011-2013. The amendments have not affected the consolidated financial statements.

In 2015 the Group has not applied any standard, amendment or interpretation with the possibility for early adoption.

The following standards, amendments and interpretations are applicable from 1 January 2016 or later and are expected to affect the consolidated accounts.

- IFRS 9 Financial Instruments. This standard takes effect for financial years beginning on 1 January 2018 or later and replaces the current standard, IAS 39. The standard has not yet been adopted by the EU but is expected to be in 2016. The standard changes the measurement categories for financial instruments. It will also require further disclosures on hedge accounting. Pending approval by the EU, ProfilGruppen has not evaluated the effects of the standard.

- IFRS 15 Revenue from Contracts with Customers. The standard becomes effective on 1 January 2018 but has not yet been adopted by the EU. The standard contains a model for identification of revenue linked to customer contracts and points in time for recognition of such revenue. The standard may affect the recognition of revenue in the Group but the potential effect has not yet been evaluated.

- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – amendment. The amendment becomes effective for financial years beginning on 1 January 2016 or later. The standard forbids revenue-based depreciation of property, plant and equipment. The amendment will not have any impact on ProfilGruppen's financial reporting.

- Annual Improvements to IFRSs 2010-2012 cycle. According to the EU, the improvements will become applicable for financial years beginning after 1 February 2015 and will not affect the consolidated financial statements.

- Annual Improvements to IFRSs 2012-2014. This improvement project is expected to become effective for financial years beginning on 1 January 2016 or later, but has not yet been adopted by the EU. The improvements will not affect the consolidated financial statements.

Important estimates and assessments

Drawing up the financial reports in accordance with IFRS requires the company's management to make assessments, estimates and assumptions that affect the application of the accounting principles as well as the reported amounts. Any estimates and assumptions are based on historical experience and a number of other factors that under current circumstances appear reasonable. The result of these estimates and assumptions is then used to determine the carrying amounts of assets and liabilities that cannot be clarified by other means or sources. The actual outcome may differ from these estimates and assessments.

The following important estimates have been made when applying the Group's accounting principles.

Inventories

Inventories are measured at the lower of cost and net realisable value, which usually means measurement at cost. See also the heading Inventories.

The net realisable value is to some extent an estimate based on forecasts from customers but also on historical data.

Unsecure trade debtors

On each closing day the Group assesses whether there is any indication of a write-down requirement for credit risks. The assessment is made individually per customer, initially in consultation between the sales customer manager and the Group's Credit Controller.

Write-down review of goodwill

When calculating the recoverable amount of cash-generating units for the assessment of any write-down requirement for goodwill, several assumptions about future relationships and other parameter estimates were necessary. Please refer to note 10.

Assumptions concerning pensions

To calculate pension assumptions, management has made estimates of the discount rate and other parameters. The assessment of these parameters is based on expectations. If the actual values of the parameters were to differ from the expected values an actuarial gain or loss will be recognised in other comprehensive income in the consolidated financial statements. For a sensitivity analysis of the most significant of these assumptions, see Note 4.

Classification etc.

Fixed assets and non-current liabilities consist largely of amounts that are expected to be recovered or for which there is a right to payment more than twelve months after the closing date.

Current assets and current liabilities essentially consist of amounts that are expected to be recovered or for which there is a right to payment within twelve months of the closing date.

For each balance-sheet item that includes amounts expected to be recovered or paid both within and after twelve months from the closing date, this information is provided in a note to the relevant balance-sheet item.

Consolidation principles

All companies in which the Group has a controlling interest are classified as subsidiaries. Subsidiaries are included in the consolidated financial statements as of the date on which the controlling interest is transferred to the Group. They are excluded from the consolidated financial statements as of the date on which the controlling interest ceases to exist.

The purchase method is applied in accounting for the Group's business combinations (see note 21).

Intra-Group receivables and liabilities, revenue or expenses and unrealised gains or losses that arise through intra-Group transactions between Group companies are eliminated in their entirety during preparation of the consolidated accounts.

Foreign currency

Transactions in a foreign currency

Transactions in a foreign currency are converted to the functional currency at the exchange rate on the transaction day. Functional currencies are the currencies in the primary economic environments where companies in the Group operate. Monetary assets and liabilities in foreign currencies are converted to the functional currency at the closing date rate. Exchange rate differences that arise during conversion are recognised in the income statement. Non-monetary assets and liabilities that are recognised at historical cost are converted at the exchange rate on the transaction day. Non-monetary assets and liabilities that are recognised at fair value are converted to the functional currency at the exchange rate in effect at the time the fair value is measured, at which point exchange rate changes are recognised together with other changes in the value of the asset or liability.

Financial reports concerning foreign operations

Assets and liabilities in foreign operations are translated to Swedish kronor at the closing rate. Revenue and expenses from a foreign operation are converted to Swedish krona at an average exchange rate that is an approximation of the rates on each transaction day.

Translation differences that arise through currency conversion for foreign operations are recognised in other comprehensive income.

Income

The Group's revenue essentially consists of sales of goods. Revenue from the sale of goods is recognised as revenue once the Group has transferred the essential risks and benefits associated with ownership of the goods to the purchaser on delivery and does not exercise any real control over the goods sold. The revenue is recognised at the fair value of what was received or will be received less discounts allowed. Revenue is not recognised if it is likely that the Group will not gain from the economic benefits.

Financial income and expenses

Financial income and expenses comprise interest income from bank balances and receivables and interest expenses on loans, dividend income, exchange rate differences, unrealised and realised profits on financial investments and derivative instruments used within financial activities.

Dividend income is recognised once the right to receive payment has been determined. Borrowing costs directly attributable to the purchase, construction or production of a qualified asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised and included in the cost of the asset. Other borrowing costs are accounted for in accordance with the effective interest method.

Financial instruments

Financial instruments recognised in the statement of financial position include, on the asset side, cash and cash equivalents, trade receivables and derivatives. Items regarded as liabilities and equity include trade payables, loans and derivatives.

IAS 39 classifies financial instruments into categories. Classification depends on the intended purpose of the acquisition of the financial instrument.

A financial asset or financial liability is taken up in the accounts when the company becomes party to the instrument's contractual terms. Any liability is taken up once the other party has performed their contractual obligations for which payment is required, even if no invoice has been received.

A financial asset is removed from the balance sheet once the rights as per the contract are realised or fall due, or the company loses control of them. The same applies to part of a financial asset. A financial liability is removed from the balance sheet once the obligation under the contract has been fulfilled or has otherwise expired. The same applies to part of a financial liability. The acquisition and sale of financial assets is recognised on the trade date, which is the day on which the company commits itself to acquire or sell the asset, except in those instances when the company acquires or sells listed securities, which are instead recognised on the settlement date.

Financial instruments are initially recognised at fair value. Subsequent measurement then depends on how instruments are classified in accordance with the following.

Financial assets and liabilities are netted and the net amount is recognised in the balance sheet only when there is a legal right of netting the carrying amounts and an intention to settle them by a net amount or to simultaneously realise the asset or liability. The legal right must not depend on future events and must be legally binding for the company and the counterparty both in case of normal business activities and in the event of default, insolvency or bankruptcy.

The fair value of financial assets and liabilities is calculated based on the hierarchy described in IFRS 13. A majority of ProfilGruppen's financial assets and liabilities are measured in accordance with Level 2 of this hierarchy, i.e. based on observable inputs such as market prices. For additional information, see note 19.

On each reporting date, the company assesses whether there are any objective indications that a financial asset or a group of financial assets is in need of impairment.

The IAS 39 categories used by the Group are as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. Receivables arise when companies provide money, goods or services direct to the debtor with no intention of trading the receivable. Assets in this category are measured at amortised cost. Amortised cost is determined based on the effective interest rate as calculated on the acquisition date.

Trade receivables belong to the Loans and receivables category. Trade receivables are taken up in the balance sheet once an invoice has been issued. Trade receivables are expected to have a short maturity, so the value is recognised without discounting. Trade receivables are recognised at the amount that is expected to be received. Impairment of trade receivables is recognised in the operating expenses. Trade receivables in foreign currencies are converted to the functional currency at the closing date rate.

Other financial liabilities
Financial liabilities that are not held for trading are measured at amortised cost. Amortised cost is determined based on the effective interest rate as calculated when the liability was taken up. This means that surplus and deficit values, such as direct financing and issue expenses, are allocated over the term of the liability by applying the effective interest method.

Assets and liabilities valued at fair value through profit or loss
All derivatives are reported at fair value in the balance sheet. For cash flow hedges, value changes are recognised in comprehensive income pending the hedged item being recognised in profit/loss for the year. Hedge accounting is described in greater detail below.

Cash and cash equivalents
Liquid assets comprise cash funds and instantly accessible balances with banks and similar institutions, as well as short-term liquid investments with a term from the acquisition date of less than three months, which are exposed to only a minor risk of value fluctuations.

Liabilities
Liabilities are classified as Other financial liabilities. Non-current liabilities mature later than one year from the closing date while current liabilities have a maturity of less than one year.

Trade payables
Trade payables belong to the Other financial liabilities category. Trade payables are taken up once an invoice has been received. Trade payables have a short expected maturity and are measured without discounting.

Derivatives and hedge accounting
The Group's derivative instruments have been procured in order to hedge the risks associated with interest and currency exposure to which the Group will be subjected. An embedded derivative is recognised separately unless it is closely related to its host contract. A derivative is recognised initially at fair value, meaning that transaction costs burden the profit/loss for the year. After the initial reporting, the derivative instrument is measured at fair value and value changes are reported as described below.

In order to meet the requirements for hedge accounting as per IAS 39, an unambiguous link to the hedged item is required. It must also be the case that hedging effectively protects the hedged item, that hedge documentation must be created and that effectiveness is measurable. Gains and losses associated with hedging are recognised in profit/loss for the year at the same time as gains and losses are recognised for hedged items.

In cases where the conditions for hedge accounting are no longer fulfilled, the derivative instrument is recognised at fair value with the value change through profit/loss for the year.

Transaction exposure – cash flow hedges
Currency exposure regarding future forecast flows is hedged through currency futures. The currency future that protects the forecast flow is recognised in the balance sheet at fair value. The value changes are recognised in other comprehensive income until the hedged flow reaches the profit/loss for the year, when the hedging instrument's cumulative value changes are transferred to profit/loss for the year in order to meet and match the profit or loss effects of the hedged transaction. The hedged flows can be both contracted and forecast transactions.

When the hedged future cash flow concerns a transaction that is set up as an asset in the balance sheet, the hedging reserve is dissolved when the hedged item is recognised in the balance sheet.

When a hedging instrument falls due, is sold, liquidated or redeemed, or the company modifies identification of the hedge relationship before the hedged transaction has occurred and the forecast transaction is still expected to occur, the reported cumulative gain or loss in the hedging reserve remains as equity and is recognised in a similar way to that above when the transaction occurs. If the hedged transaction is no longer expected to occur, or if it is no longer effective, the hedging instrument's cumulative gains or losses are immediately dissolved against profit/loss for the year in accordance with the principles described above for derivative instruments.

Hedging of the Group's fixed interest – cash flow hedges
Interest rate swaps are used to hedge interest risks. These interest rate swaps are measured at fair value in the balance sheet. In the profit/loss for the year, the interest coupon part is continuously recognised as interest income or interest expense; any other value change in the interest rate swap is recognised in other comprehensive income, provided the criteria for hedge accounting and effectiveness are met.

Property, plant and equipment
Owned assets
Property, plant and equipment are reported as assets in the balance sheet if it is likely that future financial advantages will be available to the company and the cost of the asset can be calculated in a reliable way. Property, plant and equipment are recognised for the Group at cost after deductions for accumulated depreciation and any impairment losses. The cost includes the purchase price and expenses directly attributable to the asset in order to acquire it in a condition where it can be utilised in accordance with the aim of the acquisition. Principles for impairment losses are dealt with below.

The cost of fixed assets produced in-house includes material costs, expenditure on employee remuneration, if applicable, other manufacturing costs that are thought to be directly attributable to fixed assets, as well as estimated expenditure on disassembly and removal of assets and restoration of the site or area where required.

Property, plant and equipment that comprise elements with different useful lives are treated as separate components of property, plant and equipment. The carrying amount of an item of property, plant and equipment is removed from the balance sheet when the asset is scrapped or sold off or when no future economic benefits are expected from use or scrapping/ selling of the asset. Any gain or loss arising from the sale or scrapping of an asset comprises the difference between the sale price and the asset's carrying amount less direct selling expenses. Gains and losses are reported as other operating income/expense.

Leased assets
Leases where the Group assumes or transfers all essential risks and benefits associated with a fixed asset are classified as finance leases. When the Group is the lessee the asset is capitalised and a corresponding interest-bearing current or non-current liability is recognised in the statement of financial position. The capitalised value is subject to planned depreciation/ amortisation in the same way as purchased assets.

Leasing of assets where the Group does not assume all significant risks and benefits is classified as an operating lease and is not capitalised but the lease payments are recognised as a current expense.

Depreciation methods
Depreciation is performed linearly over the asset's estimated useful life. The Group applies component depreciation, which means that the components' assessed useful life forms the basis for depreciation, see Note 11. Real estate is divided chiefly into land and buildings. No depreciation is performed for land, the useful life of which is judged to be indeterminable.

An asset's residual value and useful life are assessed annually.

Intangible assets
Goodwill
Goodwill represents the difference between the cost for the business combination and the fair value of acquired assets, assumed liabilities and contingent liabilities.

Goodwill is measured at cost minus any cumulative impairment losses. Goodwill is divided among cash-generating units and is tested annually for impairment. Goodwill is not amortised.

Inventories
Inventories are valued at the lower of cost and net realisable value. Inventories comprise a raw material portion (aluminium) and a processing portion.

The cost of raw materials and direct materials is determined based on the first-in, first-out principle. The cost of the processing portion consists of direct manufacturing costs and a reasonable proportion of indirect manufacturing costs. During measurement, consideration is paid to normal capacity utilisation.

Net realisable value is the estimated sale price excluding distribution and selling expenses.

Impairment
The reported values of the Group's assets, with the exception of inventories, are reviewed on each closing date to assess whether there is any indication of impairment. If an impairment indicator exists, the asset's recoverable amount is calculated. The valuation of assets that are exempt as per the above is tested as per the relevant standard. For goodwill the recoverable amount is calculated at least once a year.

If it is not possible to establish essentially independent cash flows for an individual asset, the assets must be grouped for impairment testing at the lowest level at which it is possible to identify essentially independent cash flows (a cash-generating unit). An impairment loss is recognised when an asset or cash-generating unit's carrying amount exceeds the recoverable amount. An impairment loss burdens the profit/loss for the year.

The recoverable amount is the higher of the fair value less selling expenses and value in use. When calculating the value in use, future cash flows are discounted using a discount factor that takes into consideration risk-free interest and the risk that is associated with the specific asset.

Impairment test of financial assets

On each reporting date, the company assesses whether there is any objective indication of impairment of a financial asset or a Group of assets. Objective evidence consists partly of observable circumstances that have arisen and that have a negative impact on the ability to recover the cost, and partly of a significant or protracted decrease in the fair value of an investment in a financial investment classified as an available-for-sale financial asset.

On impairment of an equity instrument classified as an available-for-sale financial asset, cumulative changes in value previously recognised in other comprehensive income are transferred to profit/loss for the year.

The recoverable amount of assets belonging to the Held-to-maturity investments and Loans and receivables categories, which are recognised at amortised cost, is calculated as the present value of future cash flows discounted by the effective rate that applied when the asset was recognised for the first time. Assets with a short maturity are not discounted. An impairment loss burdens the profit/loss for the year.

Reversal of impairment

An impairment loss is reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the assumptions on which the calculation of the recoverable amount was based. However, goodwill impairment losses are never reversed. A reversal is only performed to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that would have been recognised, less depreciation/amortisation where appropriate, if no impairment had been made.

Impairment of held-to-maturity investments or loans and receivables that are recognised at amortised cost are reversed if a later increase in the recoverable amount can objectively be attributed to an event that occurred after the impairment.

Impairment of equity instruments classified as available-for-sale financial assets, which were previously reported in profit/loss for the year, may not be reversed later through profit/loss for the year. The impaired value is the value on which subsequent revaluations are based, which are recognised in other comprehensive income. Impairment of interest-bearing instruments, classified as available-for-sale financial assets, is reversed through the income statement if the fair value increases and the increase can objectively be attributed to an event that occurred after impairment.

Employee benefits

Defined-contribution pension schemes

Obligations regarding contributions to defined-contribution pensions are reported as an expense in the income statement as they occur.

Defined-benefit pensions

Commitments for old-age pensions and family pensions for salaried employees in Sweden are met through insurance with Alecta. In accordance with UFR 10, this is a multi-employer defined-benefit pension plan. The company has not had access to such information that makes it possible to report this pension as a defined-benefit scheme. The pension plan as per ITP that is met through insurance with Alecta is therefore reported as a defined-contribution pension.

In Norway, all employees are covered by defined-benefit pension schemes. In Sweden, some employees are covered by defined-benefit pensions; however, there are no new earned pension entitlements in these schemes.

The Group's net obligation regarding defined-benefit pensions is calculated separately for each pension scheme by estimating future benefits earned by employees through their employment during both current and earlier periods; this benefit is discounted to a present value and the fair value of any plan assets is deducted. The discount rate is the interest rate on a risk-free investment in an active market with a maturity corresponding to the plan's pension obligations. The calculation is performed by qualified actuaries using the projected unit credit method.

When the benefits associated with a pension improve, the proportion of the increased benefit that is attributed to employees' employment during earlier periods is recognised as an expense in the profit/loss for the year on a straight-line basis over the average period until the benefits are earned completely. If the benefit is earned completely, an expense is recognised directly in profit/loss for the year.

When there is a difference in how the pension expense is established in a legal entity and group, a provision or claim is reported in relation to special employer's contributions based on this difference. The provision or claim is not calculated as a present value.

Remuneration following notice

A provision is reported in connection with the termination of employment of personnel only if the company is demonstrably obliged to terminate employment before the normal date or when remuneration is paid in order to encourage voluntary redundancy. In instances where the company terminates employment, a detailed plan is to be drawn up that as a minimum contains details of workplaces, positions and the approximate number of personnel affected, as well as remuneration for each personnel category or position and an implementation schedule.

Provisions

A provision is reported in the balance sheet when the Group has an existing legal or informal obligation as a result of an event that has occurred, and it is likely that an outflow of financial resources will be required to regulate the obligation, and a reliable assessment of the amount can be made. Where the effect of the date of payment is important, provisions are calculated through discounting of the expected future cash flow at a rate of interest before tax that reflects current market assessments of the time value of money and, where applicable, the risks associated with the liability.

Taxes

Income tax consists of both deferred and paid tax. Income tax is recognised in profit/loss for the year unless the underlying transaction is recognised in other comprehensive income, in which case the related tax effect is recognised in the same way.

Current tax is tax that must be paid or received in relation to the current year, with application of the tax rates that have been adopted or adopted in practice as of the closing date; this also includes adjustment of current tax attributable to earlier periods.

Deferred tax is calculated in accordance with the balance sheet method based on temporary differences in the carrying amount of assets and liabilities and the value for tax purposes. A temporary difference that occurred during initial recognition of goodwill is not taken into consideration, and neither are temporary differences attributable to participations in subsidiaries that are not expected to be reversed within the foreseeable future. The valuation of deferred tax is based on how carrying amounts of assets or liabilities are expected to be realised or regulated.

Deferred tax is calculated with application of the tax rates and tax rules that have been adopted or adopted in practice as of the closing date. Deferred tax assets regarding deductible temporary differences and tax loss carry-forwards are recognised only to the extent it is likely these can be utilised. The value of deferred tax assets is reduced when it is assessed to be no longer likely that these can be utilised.

Any additional income tax that arises through dividends is recognised at the same time as the dividend is recognised as a liability.

Contingent liabilities (guarantees)

A contingent liability is recognised when there is a possible obligation arising from events whose occurrence is dependent only on one or more uncertain future events, or there is a commitment that is not recognised as a liability or provision because it is unlikely that an outflow of resources will be required.

PARENT COMPANY'S ACCOUNTING PRINCIPLES

The parent company has drawn up its annual accounts in accordance with the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for Legal Entities. RFR 2 means that the parent company in the annual accounts for the legal entity must apply all IFRS and amendments approved by the EU, provided this is possible within the framework of the Annual Accounts Act and with regard to the connection between accounting and taxation. The recommendation states which exemptions from and additions to IFRS are to be made.

The accounting principles mentioned below for the parent company have been applied consistently in all periods recorded in the parent company's financial reports.

Property, plant and equipment

Property, plant and equipment in the parent company are reported at cost after deductions for accumulated depreciation and any write-downs in the same way as for the Group. Leased assets are accounted for in accordance with the rules for operating leases.

Financial instruments

The parent company does not apply the measurement rules in IAS 39. In the parent company financial fixed assets are measured at cost less any impairment. Current financial assets are accounted for by applying the lower of cost or market method.

Dividends

Anticipated dividends from subsidiaries are reported in those instances where the parent company alone has the right to determine the size of the dividend, and where the parent company has made a decision on the size of the dividend before it has published its financial reports.

Taxes

The parent company reports untaxed reserves including deferred tax liability. In the consolidated accounts, untaxed reserves are divided up into deferred tax liability and equity.

Group contributions and shareholders' contributions for legal entities

The parent company reports Group contributions and shareholders' contributions in accordance with the statement from the Swedish Financial Reporting Board and applies its main rule, under which Group contributions are accounted for as appropriations.

2 INCOME

Information on operating segments

The Group's chief operating decision-maker, as well as the Board and management, follow the outcome of activities on a consolidated basis with no breakdown by segment or branches. The chief operating decision-maker uses the company's aggregate operating profit or loss as the basis for decisions about resource allocation and assessing performance. ProfilGruppen thus consists of only one segment. For financial information on the segment, please refer to the statement of comprehensive income and the statement of financial position, note 11 (for investments and depreciation/amortisation) and note 22 (for cash flow effects).

Information on geographic markets

Sales mainly involve customers in Europe, where market conditions are fairly general. Goods are sold for export partly through sales staff who are integrated in the Swedish organisation and based in Sweden and partly through a small number of sales representatives who report directly to the Swedish organisation but are employed in sales companies in each export market. In the first instance, the Group's opportunities and risks are not affected by the location of our customers, but conditions do differ somewhat on the home and export markets. Information on external sales refers to geographical areas grouped according to customer location. Information on the markets' carrying amounts for assets and investments in fixed assets is grouped according to where the assets are located.

External sales by market	**2015**	**2014**
Sweden	556.2	427.2
Germany	114.3	104.0
Norway	76.1	81.2
Other exports	233.6	196.2
	980.2	**808.6**
Assets		
Sweden	536.6	472.7
Other countries	3.1	5.9
	539.7	**478.6**
Investments in fixed assets		
Sweden	68.4	26.6
Other countries	0.0	0.0
	68.4	**26.6**

No one customer accounted for more than ten per cent of revenues in 2015 (unchanged).
Revenue for the Group refers to the revenue source sale of goods.
Rents for commercial premises from Swedish companies in the Group account for 98 per cent of the parent company's revenue.

3 OTHER OPERATING REVENUE AND EXPENSES

	Group		Parent company	
Other operating revenue	**2015**	**2014**	**2015**	**2014**
Repayment of insurance premiums from Fora	0.0	2.7	0.0	0.0
Profit on sale of fixed assets	0.1	0.0	0.1	0.0
	0.1	**2.7**	**0.1**	**0.0**
Other operating expenses				
Loss on sale and scrapping of fixed asset	0.7	0.7	0.0	0.0

4 EMPLOYEES AND PERSONNEL COSTS

	2015		**2014**	
Average number of employees	Total	Men	Total	Men
Parent company	**0**	**0**	**1**	**1**
Group companies in Sweden	**337**	**251**	**328**	**248**
Group companies outside Sweden				
Norway, sales company	1	1	1	1
Germany, sales company	1	1	1	1
	2	**2**	**2**	**2**
Total Group	**339**	**253**	**331**	**251**

Gender distribution of the Board and management

The Board of ProfilGruppen AB (the parent company) is made up of 86 per cent (86) men. The Group's management team (including CEO) at the end of the year was made up of 60 per cent (86) men. The Group's other company boards and management teams are made up of 71 per cent (90) men.

Salaries, other remuneration and payroll overheads

	2015		**2014**	
	Salaries and other remuneration	Payroll overheads (pension expenses)	Salaries and other remuneration	Payroll overheads (pension expenses)
Parent company	1.0	0.3 (0.0) [1]	3.0	1.5 (0.6) [1]
Group companies	138.6	55.9 (14.0)	137.3	53.5 (14.1)
Total Group	**139.6**	**56.2 (14.0)** [2]	**140.3**	**55.0 (14.7)** [2]

1) Of which MSEK 0.0 (0.6) relates to the Board and CEO of the parent company.
2) Of which MSEK 0.9 (0.7) relates to the Board and CEO in the Group's different companies.

Salaries and other remuneration, divided between Board, CEO and other employees	**2015**		**2014**	
	Board and CEO	Other employees	Board and CEO	Other employees
Parent company	**1.0**	**0.0**	**3.0**	**0.0**
Group companies in Sweden	**1.9**	**134.8**	**0.6**	**134.2**
Group companies outside Sweden				
Norway, sales company	1.0	0.0	1.0	0.7
Germany, sales company	0.0	0.9	0.0	0.8
	1.0	**0.9**	**1.0**	**1.5**
Total Group	**3.9**	**135.7**	**4.6**	**135.7**

Profit sharing

There was no profit-sharing plan in 2015 (none).

Pensions

	Group		Parent company	
Cost of defined-contribution plans recognised in income statement	**2015**	**2014**	**2015**	**2014**
as cost of goods sold	6.5	6.5	0.0	0.0
as selling expenses	4.0	4.0	0.0	0.0
as administrative expenses	3.0	3.4	0.0	0.6
	13.5	**13.9**	**0.0**	**0.6**

For the coming year payments to defined contribution pension plans are estimated at MSEK 11.4.

Defined-benefit pension schemes

For salaried employees in Sweden the defined benefit pension obligations for retirement and family pensions are secured through an insurance policy with Alecta. As per a statement from the Swedish Financial Reporting Board, UFR 10, this is a multi-employer defined-benefit pension plan. For the financial year 2015 the company has not had access to information that would enable it to account for its proportionate share of the plan’s obligations, assets and expenses. It has therefore not been possible to report the plan as a defined benefit plan. The ITP2 pension plan that is secured through an insurance policy with Alecta is therefore accounted for as a defined contribution pension. The premium for defined benefit retirement and family pensions is calculated individually and depends on factors such as salary, previously earned pension and expected remaining period of service. Expected fees in the next reporting for ITP2 insurance policies with Alecta are MSEK 2.9 (2.3).

The collective funding ratio comprises the market value of Alecta's assets as a percentage of insurance commitments calculated in accordance with Alecta's actuarial methods and assumptions, which do not correspond to IAS 19. The collective funding ratio is normally permitted to vary within a range of 125 and 155 per cent. If Alecta’s collective consolidation level were to fall below 125 per cent or exceed 155 per cent it would be necessary to take measures to create conditions under which the level can return to the normal range. In case of a low consolidation level one measure that can be taken is to raise the agreed price for new subscriptions and an increase in the existing benefits. A high consolidation level can be addressed by introducing premium reductions. At the end of 2015, Alecta's surplus in the form of the collective funding ratio amounted to 153 per cent (143).

There are other defined-benefit pension schemes that provide benefits for retiring employees, both for employees in Sweden and for employees in Norway. There are no new earned pension entitlements for the Swedish scheme. The parent company does not have any defined-benefit plans.

Wholly or partly funded obligations	Group 2015	2014	2013	2012	2011
Obligation balance, 1 January	23.4	25.9	25.6	19.5	22.3
Change as at 1 January due to change of accounting principles	-	-	-	4.3	-
Change due to change of line in balance sheet for employer's contribution	0.0	0.0	2.6	1.1	-
Cost for pensions earned during the year	0.1	0.1	0.8	1.1	1.0
Interest expense	0.4	0.9	0.7	0.7	0.7
Outgoing payments	-3.8	-1.8	-0.8	-0.7	-0.7
Actuarial gains/losses	0.0	0.0	0.0	-0.7	0.3
Actuarial gains/losses recognised through other comprehensive income	-0.9	-1.7	-2.4	0.2	0.2
Translation differences	-0.1	0.0	-0.6	0.1	0.0
Obligation balance 31 December	19.1	23.4	25.9	25.6	23.8
of which, unrecognised actuarial losses	-	-	-	-	4.3
Plan assets balance, 1 January	2.1	6.0	7.2	7.0	6.9
Expected return on plan assets	0.1	0.2	0.1	0.3	0.3
Costs	0.0	0.0	0.0	-0.1	-0.1
Incoming payments	-0.3	-0.2	0.6	0.2	0.1
Actuarial gains/losses	0.0	0.0	0.0	-0.3	-0.2
Actuarial gains/losses recognised through other comprehensive income	0.0	-3.9	-1.2	0.0	0.0
Translation differences	-0.2	0.0	-0.7	0.1	0.0
Plan assets balance, 31 December	1.7	2.1	6.0	7.2	7.0
Net debt recognised in the balance sheet relating to defined benefit pension plans	**17.4**	**21.3**	**19.9**	**18.4**	**12.5**
Cost recognised in profit/loss for the year	0.5	0.8	1.6	1.7	1.8
of which selling expenses	0.2	0.2	1.1	0.2	0.2
of which administrative expenses	0.0	0.0	0.0	1.0	1.2
of which financial expenses	0.3	0.6	0.5	0.5	0.4
Cost recognised in other comprehensive income	-0.8	2.3	-1.3	-0.4	-
of which caused by experience-based adjustments	0.3	0.1	0.2	-	-
of which caused by changed assumptions	-1.1	2.2	-1.5	-	-

Sensitivity analysis for estimated net debt at balance sheet date	
Change in obligation for discount rate -0.5 percentage points	1,6
Change in obligation for discount rate +0.5 percentage points	-1,5
Change in obligation for inflation assumption -0.5 percentage points	-1,3
Change in obligation for inflation assumption +0.5 percentage points	1,5
Change in obligation for duration assumption -1 year	-0,7
Change in obligation for duration assumption +1 year	0,7

The most important actuarial assumptions as of the closing day

	Sweden 2015	Sweden 2014	Norway 2015	Norway 2014
Discount rate	3.2%	2.8%	1.9%	3.0%
Long-term inflation assumption	1.5%	1.5%	-	-
Expected return on plan assets	-	-	1.9%	3.0%
Future salary increases	-	-	2.5%	3.3%
Future increases in pensions	1.5%	1.5%	2.3%	3.0%
Staff turnover	-	-	0.0	0.0
Expected remaining employment period	9.0 years	9.3 years	7.9 years	8.7 years
Average remaining term of the obligation	25 years	26 years	26 years	27 years
Average life expectancy, women	90 years	90 years	89 years	89 years
Average life expectancy, men	88 years	88 years	86 years	86 years

The discount rate for the Norwegian plan is based on the market yield on mortgage bonds with a maturity corresponding to the remaining term of the obligation, 26 years. For the Swedish plan the discount rate has been based on the market yield on mortgage bonds with a maturity corresponding to the remaining term of the obligation, in this case 25 years.

Plan assets only exist in the Norwegian scheme and consist chiefly of interest-bearing securities, which account for 73 per cent (71). Other assets are shares 6 per cent (7), real estate 15 per cent (14) and other 6 per cent (8).

The actual return on plan assets in the Norwegian plan in 2015 is not known (2014: not known).

Our best estimate of payments to defined benefit pension plans in 2016 is MSEK 0.7.

Guidelines for remuneration for senior executives

The members of the Board receive remuneration in accordance with the decisions of the Annual General Meeting.

The Board prepares a proposal for guidelines for remuneration of the Group's CEO and other senior executives. The guidelines are based on the company's long-term Remuneration Policy, which was revised in February 2015.

The 2015 Annual General Meeting adopted a set of guidelines for the CEO and other members of management, a group comprising five persons at the time of the AGM. The decision encompasses guidelines as follows. Total may consist of a fixed basic salary, variable remuneration, pension and other benefits. Variable remuneration, which is capped at 25 per cent of the fixed salary, is linked to the Group's results and only in specific instances to individual targets. Variable remuneration is conditional on a positive net result for the Group and will be retrospectively adjusted if it has been paid on apparently erroneous grounds. Agreements on pension benefits are arranged individually and the pension costs can amount to a maximum of 30 per cent of the fixed salary. Other remuneration and benefits shall be at market rates and shall help to facilitate the senior executive's opportunities to carry out their work. The employment contracts of members of the management team are generally terminable on six months' notice by either party. The Board may depart from the guidelines if there are special reasons in an individual case.

The guidelines which the Board intends to propose to the 2016 AGM are presented in the Directors' Report.

Directors' fees and other remuneration to senior executives, SEK thousand

		2015	2014
Kåre Wetterberg	Chairman	340	142
Mats Egeholm	Board member	125	125
Susanna Hilleskog	Board member	125	125
Bengt Stillström	Chairman	-	198
	Board member	125	52
Thomas Widstrand	Board member	125	125
Employee representatives	two members and two deputies	-	-
Total fees		**840**	**767**

In the previous year the Chairman of the Board also billed the company for SEK 1,437,000 (0) for services performed as acting CEO during the period February to August, during which period he did not receive any Directors' fees. In 2015 no such services were performed or remunerated.

During the year, the CEO of ProfilGruppen AB has received SEK 1,644,000 (1,521,000) in fixed and variable remuneration, including benefits.

Other senior executives, totalling five people, including those who have joined and left during the period (six), have received SEK 3,967,000 (5,567,000) in fixed and variable remuneration, including benefits.

During the year, the cost for variable remuneration, excluding social security contributions, to executive management (six persons) amounted to a total of SEK 0 (seven persons, SEK 39), of which SEK 0 (0) was paid out to the CEO.

The current CEO's employment contract is terminable on six months' notice by the CEO and on twelve months' notice by the company. One other senior executive has a contract terminable on twelve months' notice by the company. Other senior executives' contracts are terminable on six months' notice.

Pension benefits and pension agreements for senior executives

For the CEO a defined benefit pension provision of 30 per cent of his total salary has been made. The annual pension costs for the CEO amounted to SEK 499,000 (in the previous year, SEK 160,000 for the previous CEO and SEK 468,000 for the departing CEO), excluding special employer's contributions of SEK 121,000 (153,000). There are no agreements for early retirement.

Other senior executives during the year, five people (six), are covered by the pension plan for salaried employees in Sweden (ITP). The annual pension costs for these people amounted to SEK 746,000 (1,202,000), excluding employer's contributions of SEK 181,000 (292,000). The pensions are transferable and so are not conditional on future employment.

There are no other agreements on severance pay.

AUDITORS' FEES AND EXPENSES 5

	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Ernst & Young AB				
Audit assignments	0.5	0.6	0.0	0.0
Other assignments	0.1	0.3	0.0	0.0
Other auditors				
Audit assignments	0.1	0.1	-	-

6 OPERATING EXPENSES BY FUNCTION OF EXPENSE

	Group	
	2015	**2014**
Raw materials	460.7	346.3
Personnel costs	195.8	195.3
External processing services	124.0	100.8
Depreciation and amortisation	21.9	20.8
Impairment of property, plant and equipment and intangible assets	0.0	0.9
Other operating expenses	155.0	140.1
	957.4	**804.2**

Other operating expenses include lease payments for the Group of MSEK 4.5 (4.0). The total sum of future non-redeemable leasing payments amounts to MSEK 3.8, of which MSEK 2.1 is due within one year. The remaining MSEK 1.7 falls due in one to five years. Leasing costs comprise operating lease contracts concerning IT equipment and means of transport. The parent company is not a lessee.

The cost of developing products and the business amounts to MSEK 6.5 (6.6) and is included in the operating expenses divided into personnel costs and other operating expenses. During the year, none of these costs have been capitalised in accordance with IAS 38.

7 FINANCIAL ITEMS

	Group	
	2015	**2014**
Interest income	1.2	0.9
Financial income	**1.2**	**0.9**
Interest portion of pension expenses for the year	0.4	0.6
Interest expenses, other	3.8	4.8
Other expenses	2.1	1.7
Financial expenses	**6.3**	**7.1**

	Parent company	
	2015	**2014**
Dividends from subsidiaries	0.4	0.0
Interest income, Group companies	0.4	0.5
Financial income	**0.8**	**0.5**
Interest expenses, Group companies	0.0	0.2
Interest expenses, other	0.4	0.8
Financial expenses	**0.4**	**1.0**

8 APPROPRIATIONS AND UNTAXED RESERVES

	Appropriations		Untaxed reserves	
Parent company	**2015**	**2014**	**2015**	**2014**
Accumulated depreciation above plan				
Allocated (+) / dissolved (-)				
buildings	0.0	0.0	0.1	0.1
equipment	-0.2	-0.2	1.7	1.9
	-0.2	**-0.2**	**1.8**	**2.0**
Tax allocation reserves Allocated (+) / dissolved (-) per tax year				
2008	0.0	-4.0	0.0	0.0
2009	0.0	0.0	2.7	2.7
2010	0.0	0.0	4.2	4.2
2011	0.0	0.0	5.8	5.8
2012	0.0	0.0	0.0	0.0
2016	3.2	0.0	3.2	0.0
	3.2	**-4.0**	**16.0**	**12.8**
Group contributions	**0,0**	**15.5**	**-**	**-**
	3.0	**11.3**	**17.8**	**14.8**

TAXES 9

	Group		Parent company	
Reported tax expense	**2015**	**2014**	**2015**	**2014**
Current tax	2.5	0.5	2.3	0.0
Deferred tax relating to temporary differences	2.3	0.1	0.6	0.1
Review of earlier year's tax assessment	0.0	-3.7	0.0	-3.7
Total reported tax expense	**4.8**	**-3.1**	**2.9**	**-3.6**

	Group		Parent company	
Reconciliation effective tax, per cent	**2015**	**2014**	**2015**	**2014**
Tax as per applicable tax rate for the parent company	22	22	22	22
Effect of review of earlier year's tax assessment	0	-418	0	-737
Effect of sold property	2	0	3	0
Effect of deficit in subsidiaries	4	0	-	-
Deficit from previous years	-1	0	-2	0
Standard interest on tax allocation reserve	0	55	0	11
Other non-tax-deductible expenses and taxable income	0	-3	-2	-16
Reported effective tax	**27**	**-344**	**21**	**-720**

Change in reported deferred tax liability	**01-01-2015**	Recognised through profit/loss for the year	Recognised through comprehensive income	**31-12-2015**
Group				
Property, plant and equipment	19.9	1.3	0.0	21.2
Pension provisions	-1.0	0.0	0.2	-0.8
Tax allocation reserves	5.7	0.9	0.0	6.6
Items recognised in hedging reserve	-1.0	0.0	0.5	-0.5
Other	-0.2	0.1	0.0	-0.1
	23.4	**2.3**	**0.7**	**26.4**
Parent company				
Property, plant and equipment	3.3	0.8	0.0	4.1
Other	0.0	0.0	0.0	0.0
	3.3	**0.8**	**0.0**	**4.1**

	01-01-2014	Recognised through profit/loss for the year	Recognised through comprehensive income	**31-12-2014**
Group				
Property, plant and equipment	18.4	1.5	0.0	19.9
Pension provisions	-0.5	0.0	-0.5	-1.0
Tax allocation reserves	7.1	-1.4	0.0	5.7
Items recognised in hedging reserve	-0.8	0.0	-0.2	-1.0
Other	-0.1	0.0	0.0	-0.2
	24.1	**0.1**	**-0.7**	**23.4**
Parent company				
Property, plant and equipment	3.2	0.1	0.0	3.3
Other	0.0	0.0	0.0	0.0
	3.2	**0.1**	**0.0**	**3.3**

10 INTANGIBLE ASSETS

	Group	
Goodwill	**2015**	**2014**
Accumulated cost		
At beginning of year	12.8	12.8
New acquisitions	0.0	0.0
Sales	0.0	0.0
At beginning of year	**12.8**	**12.8**
Acc. impairment losses		
At beginning of year	2.8	2.8
Impairment losses for the year	0.0	0.0
At end of year	**2.8**	**2.8**
Carrying amount at end of year	**10.0**	**10.0**

Impairment test for cash-generating units containing goodwill

ProfilGruppen tests the value of goodwill at least once a year and when there is an indication of impairment. The impairment test for goodwill is based on a calculation of the value in use. Goodwill is attributable to the activities of ProfilGruppen Extrusions AB, which is also the cash-generating unit tested. A cash flow statement has been used as the basis for the valuation and the first three years are based on the budget and strategic plans, which are adopted by management. The margin is expected to improve as a result of increased demand and measures to improve efficiency. The cash flows forecast after the first three years are based on an annual growth rate of 2.0 per cent (2.0), which in turn is based on the expected rate of GDP growth, which the market for extrusions normally follows. The new present value of forecast cash flows has been estimated using a discount rate of 15.3 per cent before tax (13.9), which has been calculated using a weighted average cost of capital. A sensitivity analysis of the impairment test has been made, showing that reasonable changes in the discount rate, weighted average cost of capital, rate of growth and gross margin calculation parameters do not result in an impairment loss.

11 PROPERTY, PLANT AND EQUIPMENT

	Group		Parent company	
Buildings and land	**2015**	**2014**	**2015**	**2014**
Accumulated cost				
At beginning of year	160.9	160.9	129.5	129.5
New acquisitions	0.4	0.0	0.4	0.0
Sales and disposals	-4.4	0.0	-4.4	0.0
At end of year	**156.9**	**160.9**	**125.5**	**129.5**
Acc. depreciation and impairment losses				
At beginning of year	63.8	59.5	46.9	43.4
Sales and disposals	-0.5	0.0	-0.5	0.0
Depreciation for the year according to plan	3.7	3.7	3.0	2.9
Reversal of impairment losses	-2.2	0.0	-2.2	0.0
Impairment losses for the year	0.0	0.6	0.0	0.6
At end of year	**64.8**	**63.8**	**47.2**	**46.9**
Carrying amount at end of year	**92.1**	**97.1**	**78.3**	**82.6**
of which buildings	86.1	90.6	72.7	76.5
land	3.0	3.0	2.6	2.6
land improvements	2.9	3.5	2.9	3.5

During the year one property in the parent company was sold, as a result of which impairment losses of MSEK 2.2 from previous years, including an impairment loss of MSEK 0.6 from 2014, were reversed.

	Group		Parent company	
Machinery and equipment	**2015**	**2014**	**2015**	**2014**
Accumulated cost				
At beginning of year	479.5	462.5	5.4	5.4
New acquisitions	14.0	20.9	0.0	0.0
Reclassifications	5.4	1.6	0.0	0.0
Translation differences	-0.1	0.1	0.0	0.0
Sales and disposals	-3.2	-5.6	-0.5	0.0
At end of year	**495.6**	**479.5**	**4.9**	**5.4**
Acc. depreciation according to plan				
At beginning of year	359.6	345.1	3.2	2.8
Sales and disposals	-2.2	-2.7	-0.4	0.0
Translation differences	-0.1	0.1	0.0	0.0
Depreciation for the year according to plan	18.2	17.1	0.3	0.4
At end of year	**375.5**	**359.6**	**3.1**	**3.2**
Acc. impairment losses				
At beginning of year	14.0	13.7	0.0	0.0
Impairment losses for the year	0.0	0.3	0.0	0.0
At end of year	**14.0**	**14.0**	**0.0**	**0.0**
Carrying amount at end of year	**106.1**	**105.9**	**1.8**	**2.2**

The previous year's impairment loss referred to machining equipment.

The Group possesses machinery held through finance lease contracts with a carrying amount of MSEK 12.4 (14.0).

The Group's accumulated cost includes capitalised interest of MSEK 3.1 (3.1). No interest has been capitalised during this year or the previous year. Equipment belonging to the parent company refers to land equipment and permanent equipment.

The cost of the fixed assets that are fully depreciated but are still used in the business is MSEK 269.6 (257.0).

	Group		Parent company	
Construction in progress and advance payments regarding property, plant and equipment	**2015**	**2014**	**2015**	**2014**
At beginning of year	6.2	2.2	0.0	0.0
Reclassifications	-5.4	-1.6	0.0	0.0
New acquisitions	53.9	5.6	0.0	0.0
Carrying amount at end of year	**54.7**	**6.2**	**0.0**	**0.0**
Total reported value, tangible fixed assets	**252.9**	**209.2**	**80.1**	**84.8**

Useful lives	Group	Parent company
Buildings and land		
Real estate, depending on component	30–50 years	30–50 years
Permanent equipment	10–40 years	10–40 years
Land improvements	20 years	20 years
Land equipment	10 years	10 years
Machinery and equipment		
Extrusion presses	20 years	
Anodising equipment and other press equipment	10-15 years	
Spare parts for machinery	5–10 years	
Processing and measuring machinery	5–7 years	
Equipment	5–10 years	
Means of transport	5 years	
IT investments	4 years	

Depreciation is on a straight-line basis, based on expected useful life.

	Group		Parent company	
Depreciation by function	**2015**	**2014**	**2015**	**2014**
Cost of goods sold	21.7	20.6	3.3	3.4
Selling expenses	0.1	0.1	0.0	0.0
Administrative expenses	0.1	0.1	0.0	0.0
	21.9	**20.8**	**3.3**	**3.4**

12 FINANCIAL FIXED ASSETS

Of financial fixed assets, MSEK 1.2 (1.4) refers to a lease receivable. The receivable arose in 2012 when a contract for the lease of property was concluded. The contract runs over ten years. The lessee has an option to purchase the property at any time during the term of the lease. The intention is that the property will be purchased after five years. The net present value of future lease payments is MSEK 5.3. A provision for doubtful receivables has been made and a receivable of MSEK 1.2 has been recognised in the balance sheet.

	Group	
Financial lease receivables, due date	**2015**	**2014**
Within one year	0.5	0.5
Between one and five years	2.4	2.9
Later than five years	2.4	2.3
	5.3	**5.7**

13 INVENTORIES

	Group	
	2015	**2014**
Raw materials and consumables	40.8	40.6
Work in progress	65.3	67.3
Finished products and goods for resale	24.2	19.1
	130.3	**127.0**

No portion of inventories has been measured at net realisable value.

14 TRADE RECEIVABLES

Trade receivables are reported as net following deductions for doubtful receivables. Doubtful receivables are assessed individually. During the year a provision of MSEK 0.0 (0.1) for expected bad debts was made while bad debts provisions of MSEK 0.4 from previous years have been recovered.

Realised bad debts amounted to MSEK 0.0 (0.0) and arose in connection with insolvency affecting customers.

For other information on customer credits, see note 19.

15 EQUITY

Specification of reserves	**2015**	**2014**
Translation reserve, opening balance	0.0	0.0
Translation differences for the year	0.0	0.0
Translation reserve, closing balance	0.0	0.0
Hedging reserve, opening balance	-3.7	-3.2
Cash flow hedges	1.0	-2.6
Reversal of cash flow hedges through profit or loss	1.3	1.9
Tax attributable to hedges for the year	-0.5	0.2
Hedging reserve, closing balance	-1.9	-3.7
Total reserves	**-1.9**	**-3.7**

Share capital and votes

All shares have a fair value of SEK 5 per share. All shares are fully paid up. All existing shares are series B shares and have equal rights to a share in the company's assets and profits. A rights issue was completed in 2014 as a result of which the number of shares increased by 2,466,258 from 4,932,517 shares to 7,398,775 shares. as a result of which the share capital increased from SEK 24,662,585 to SEK 36,993,875.

First refusal and conversion

There is no pre-emption clause in the articles of association.

Other paid-up capital

This item refers to equity that has been put up by the owners. This includes a portion of share premium reserves transferred to the statutory reserve as at 31 December 2005. Any future transfers to the share premium reserves will also be accounted for as paid-up capital. The rights issue in 2014 added SEK 28,165,231 to the share premium reserve in the parent company, after deduction of issue costs.

Translation reserve

The translation reserve includes all exchange rate differences that arise during translation of financial reports from foreign operations which have prepared their reports in a currency other than that used in the Group's financial reports. The parent company and the Group prepare their financial reports in Swedish krona.

Hedging reserve

The hedging reserve contains the effective share of the accumulated net change in fair value of a cash flow hedging instrument attributable to hedging transactions that have not yet occurred.

Own shares and repurchases

No individual shares are owned by the company itself or its subsidiaries and the repurchase of individual shares is currently not relevant. There are no programmes of convertibles or options that involve the dilution of share capital.

Dividend

After the closing date the Board has proposed that no dividend be paid for 2015. The calculated average number of shares in 2015 is 7,398,775 (6,488,045). The dividend is subject to approval by the Annual General Meeting on 19 April 2016.

During the year no dividend was paid.

Parent company

Restricted funds Restricted funds refers to share capital and other restricted equity. Restricted funds are not available for dividend payment.

Non-restricted equity

The balanced profit is formed by the preceding year's non-restricted equity after any dividend has been paid. Retained earnings, together with the profit for the year, make up the total non-restricted equity, i.e. the sum available for dividends to shareholders.

16 EARNINGS PER SHARE

Calculation of earnings per share is based on the profit for the year for the Group, assignable to the parent company's shareholders, which amounts to MSEK 13.8 (4.0) and a weighted average number of shares in 2015 of 7,398,775 (6,488,045), which was calculated in accordance with IAS 33. There is no dilution.

17 INTEREST-BEARING LIABILITIES

	Group			
	Non-current		Current	
Interest-bearing liabilities	**2015**	**2014**	**2015**	**2014**
Bank loans	49.9	21.8	17.7	2.0
Bank overdraft facility	-	-	46.5	30.9
Financial lease liabilities	7.7	10.5	3.8	3.5
	57.6	**32.3**	**68.0**	**36.4**

The parent company's liabilities to credit institutions comprise bank loans, all of which mature within five years from the balance sheet date.

That portion of the bank loans which is payable within twelve months from the balance sheet date is classified as current. The lender agreement contains key performance indicators that the company must meet, see note 19.

	Group		Parent company	
Interest-bearing liabilities by currency	**2015**	**2014**	**2015**	**2014**
SEK	125.6	67.4	1.2	19.3
GBP	0.0	1.3	0.0	0.0
	125.6	**68.7**	**1.2**	**19.3**

	Group	
Finance lease liabilities, due dates	**2015**	**2014**
Within 1 year	3.8	3.5
Between 1 and 5 years	7.7	10.5
Later than five years	0.0	0.0
	11.5	**14.0**

The Group's finance lease payments amounted to MSEK 2.6 (1.7) during the year.

18 PREPAID, ACCRUED AND DEFERRED EXPENSES AND INCOME

Prepaid expenses and accrued income	Group		Parent company	
	2015	2014	2015	2014
Prepaid salaries	0.5	1.1	0.0	0.0
Other prepaid expenses	5.0	3.2	0.0	0.0
	5.5	**4.3**	**0.0**	**0.0**

Accrued expenses and deferred income	Group		Parent company	
	2015	2014	2015	2014
Holiday pay and other personnel expenses	39.6	40.6	0.2	1.0
Accrued Board fees	0.6	0.6	0.6	0.6
Other	3.8	3.9	0.2	0.4
	44.0	**45.1**	**1.0**	**2.0**

19 FINANCIAL INSTRUMENTS

The Group's financial instruments include bank loans, trade payables, finance leases and derivatives, which may constitute a liability or asset depending on the fair value of the instrument. The purpose of the liabilities is to fund the Group's operations. The Group's financial instruments also include assets in the form of trade receivables and cash and cash equivalents generated in the operations. The Group's derivatives may also constitute assets at the closing date.

As a result of its activities, the Group is exposed to various types of financial risk. Financial risk refers to fluctuations in the company's profit and cash flow as a result of changes in exchange rates, interest rates, raw material prices and refinancing and credit risks.

The company's Board of Directors examines and approves policies for handling these risks as described below. The Group's central finance department is responsible for handling financial transactions and risks in accordance with established policies.

Currency risks

Currency risks primarily arise when the Group sells products on export. Sales in foreign currencies represent about half of all revenue. The currency in which the greatest share of export sales is done is EUR, but since raw materials are in part purchased in EUR, exposure is considerably reduced.

At ProfilGruppen around 50–70 per cent of contracted and forecast currency flows for a period of six to twelve months must be hedged by forward transactions. Hedge accounting is used for the forward contracts, and during the year, no (no) amounts for ineffective hedges have been recognised in the income statement. The effects of the forward contracts in the income statement can be found on the revenue line, MSEK -0.6 (-5.4), and the financial expenses line, MSEK 0.2 (-0.2).

Receivables in a foreign currency amounted as of 31 December to MSEK 43.2 (36.2) and liabilities in a foreign currency to MSEK 23.5 (37.0). Of the liabilities in a foreign currency MSEK 0.0 (1.3) are interest-bearing, see note 17.

The transaction exposure below is based on an estimated payment surplus 12 months ahead from 31 December 2015.

Currency	Estimated net inflow, MSEK	Hedged portion (per cent)	Average forward rate
EUR	100	80	9.33 SEK/EUR
DKK	17	77	1.24 SEK/DKK
NOK	11	27	1.00 SEK/NOK

Translation exposure associated with the Group's overseas sales companies, which consists of each company's equity and liabilities to the parent company, is marginal.

Where a flow is unsecured, changes in exchange rates affect profit before tax as per the following.

EUR	Change +/- 10%	+/- MSEK 10
DKK	Change +/- 10%	+/- MSEK 2
NOK	Change +/- 10%	+/- MSEK 1

Interest risk

Interest rate risk refers to the risk that changes in market interest rates will have a negative impact on ProfilGruppen's earnings. To minimise this risk, the Group borrows at fixed rates and enters into interest rate swaps. During reporting, hedge accounting is applied when there is an effective link between a hedged loan and an interest rate swap. Interest rates for all non-current interest-bearing liabilities are hedged in one of the ways described above for the periods and levels specified in the following table.

Fixed term year	Non-current interest-bearing liabilities, MSEK	Interest rate incl. margin (per cent)
2017–2019	30.0	1.3
2020-2021	27.6	4.3

Of the above, MSEK 0.7 consists of the parent company's interest-bearing liabilities at an average interest rate of 4.3 per cent.

If interest rates were to rise by one percentage point in 2016 compared with 2015 this would increase the interest expense by SEK 0.5 on a full-year basis.

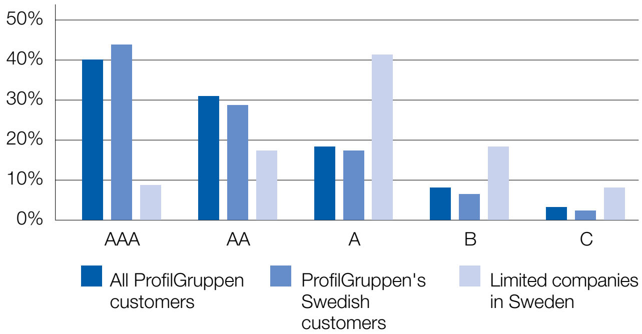
Market risks

Market risks consist primarily of declining demand and changes in raw material prices. ProfilGruppen's production is characterised by a high proportion of fixed costs, meaning activities are highly volume-dependent. Small variations in demand thus have a relatively large impact on profit. Aluminium prices have historically shown significant mobility. The price risk that does exist is reduced by including raw material clauses in contracts with customers. There is a certain price risk in inventory, however. The raw material policy means that raw materials are mainly purchased in proportion to orders in hand. Raw material purchases for periods longer than six months are based on contracts with customers. Raw materials are purchased in Swedish krona or euro. Follow-ups and checks are performed by a raw materials group made up of representatives from the purchasing, finance and marketing organisations at management level.

Credit risks

Customer credits in ProfilGruppen must be handled in accordance with the Group's credit policy. The company's management is responsible for ensuring that the credit policy is familiar to all parties involved in the sales process and for it being adapted where necessary.

Credit assessment and credit monitoring are performed by the Group's credit controller in accordance with the applicable policy, under which all credits exceeding SEK 1,000,000 are subject to approval by the CFO and CEO. See the following diagram for information on the creditworthiness of the company's customers.



All ProfilGruppen customers refer to markets where credit ratings are available.

Maximum exposure to credit risks as of 31 December 2015 amounts to MSEK 123.1 (109.1). The largest individual receivable amounts to 8 per cent (8) of the total credit risk. The distribution of the credit risk is shown in the following table.

Concentration of credit risk at 31 dec 2015	Number of customers	Percentage of number of customers
Exposure < MSEK 1.0	287	91%
Exposure MSEK 1.0–5.0	26	8%
Exposure > MSEK 5	4	1%
	317	**100%**

Out of the total amount of trade receivables, 3.4 per cent (5.3) refers to overdue receivables, of which 1.3 per cent (1.1) is more than 30 days overdue.

Liquidity risks

No significant liquidity risks are included in the company's financial instruments. In addition to the Group's cash and cash equivalents, on the closing date there were unutilised credit facilities to a value of MSEK 98.9 (119.1).

For due dates for interest-bearing liabilities, refer to note 17. The agreement with lenders contains key performance indicators that the company is required to meet. These had been met at 31 December 2015.

Maturity analysis financial liabilities	On demand	<3 mths	3–12 mths	1–5 yrs	>5 yrs
Interest-bearing liabilities	46.5	1.0	20.5	44.5	13.1
Other liabilities	24.6	115.2	2.7	2.5	0.0
Derivatives	0.0	0.1	0.0	3.0	0.0
Total at 31 Dec 2015	**71.1**	**116.3**	**23.2**	**50.0**	**13.1**
Interest-bearing liabilities	30.8	1.6	3.9	17.8	14.6
Other liabilities	26.0	128.4	2.7	2.5	0.0
Derivatives	0.0	0.2	1.4	3.5	0.0
Total at 31 Dec 2014	**56.8**	**130.2**	**8.0**	**23.8**	**14.6**

Carrying amount and fair value of financial instruments

	Group				
Class	Carrying amount		Fair value		Category
	2015	**2014**	**2015**	**2014**	
Financial assets	1.3	1.5	1.3	1.5	Loan receivables and trade receivables
Trade receivables	122.0	107.4	122.0	107.4	Loan receivables and trade receivables
Accrued income	0.0	0.0	0.0	0.0	Loan receivables and trade receivables
Other receivables	4.1	13.4	4.1	13.4	Loan receivables and trade receivables
of which forward contracts	0.6	0.2	0.6	0.2	Assets measured at fair value through profit or loss
Cash and cash equivalents	9.3	1.1	9.3	1.1	Loan receivables and trade receivables
Interest-bearing liabilities	125.6	68.7	125.6	68.7	Other financial liabilities
Trade payables	91.7	108.3	91.7	108.3	Other financial liabilities
Accrued expenses	44.0	45.1	44.0	45.1	Other financial liabilities
Other liabilities	12.4	11.3	12.4	11.3	Other financial liabilities
of which forward contracts	0.1	1.6	0.1	1.6	Liabilities measured at fair value through profit or loss
of which interest rate swaps	3.0	3.5	3.0	3.5	Liabilities measured at fair value through profit or loss

	Parent company				
Class	Carrying amount		Fair value		Category
	2015	**2014**	**2015**	**2014**	
Accrued income	0.0	0.0	0.0	0.0	Loan receivables and trade receivables
Cash and cash equivalents	0.4	0.4	0.4	0.4	Loan receivables and trade receivables
Receivables from Group companies	16.0	24.7	16.0	24.7	Loan receivables and trade receivables
Interest-bearing liabilities	1.2	19.3	1.2	19.3	Other financial liabilities
Liabilities to Group companies	0.0	0.0	0.0	0.0	Other financial liabilities
Accrued expenses	1.0	2.0	1.0	2.0	Other financial liabilities
Other liabilities	2.4	0.6	2.4	0.6	Other financial liabilities

No reclassification between categories has been carried out during the year. Forward contracts have been measured at observable market prices at the balance sheet date, i.e. in accordance with Level 2 under IFRS 13.

Valuation models or techniques for discounted cash flows are used to determine the rate for interest rate swaps. The discount rate used is a market-based rate for similar instruments on the closing date. The value thus agrees with Level 2 under IFRS 13. market-based rate for similar instruments on the closing date. The value thus agrees with Level 2 under IFRS 13.

Capital administration

The main goal of the Group's capital administration is to maintain a high credit rating and a well-balanced capital structure. In order to retain or change the capital structure, the Group can adjust the dividend to the shareholders, return capital to the shareholders or conduct a new issue.

The goal for the capital structure is to have a net debt/equity ratio of 0.75–1.00 on average over one business cycle. The net debt/equity ratio is defined as interest-bearing liabilities and provisions less cash and cash equivalents in relation to equity. The debt/equity ratio at the end of the year amounted to 0.61 (0.44).

	Group	
	2015	**2014**
Interest-bearing liabilities	125.6	68.7
Interest-bearing provisions	17.4	21.3
Cash and cash equivalents	-9.3	-1.1
Total net debt	**133.7**	**88.9**
Equity	220.2	200.3
Reserves in equity	1.9	3.7
Equity to manage	222.1	204.0
Total capital to manage	**355.8**	**292.9**
Net debt/equity ratio	**0.61**	**0.44**

PLEDGED ASSETS AND CONTINGENT LIABILITIES 20

	Group		Parent company	
	2015	**2014**	**2015**	**2014**
Pledged assets for Group companies' liabilities to credit institutions				
Property mortgages	84.2	84.8	78.0	78.6
Floating charges	221.5	170.0	0.0	0.0
Pledged trade receivables	0.0	96.1	0.0	0.0
Shares in subsidiaries	118.8	116.6	73.9	73.9
Contingent liabilities				
Guarantees for Group companies	-	-	31.8	34.7
Guarantees for other companies	0.7	0.7	0.0	0.0
Guarantee commitments FPG/PRI	0.2	0.2	0.0	0.0

PARTICIPATIONS IN GROUP COMPANIES 21

Company	Corp. ID no.	No. of shares	Share, per cent	Equity incl. portion of untaxed reserves[1]	Carrying amount
Subsidiaries					
Bergströms Utveckling AB	556568-6440	1,000	100	0.1	0.1
PG&WIP AB	556248-8949	1,000	70	8.6	10.6
ProfilGruppen Extrusions AB	556206-5119	940,000	100	99.3	73.7
ProfilGruppen Manufacturing AB	556262-3990	1,000	100	2.0	0.1
					84.5
Subsidiaries of ProfilGruppen Extrusions AB					
ProfilGruppen GmbH, Germany	-	-	100		
ProfilGruppen Norge AS, Norway	-	100	100		

[1] *Represents that portion of equity over which the Group has a controlling interest.*

The Boards of all the Swedish companies, including the parent company, have their registered offices in Uppvidinge Municipality.

During the year ProfilGruppen Components AB was acquired by ProfilGruppen AB and the name of the company was changed to PG&WIP AB, after which 30 per cent of the company was sold to WIP Industries Sweden AB.

Bergströms Utveckling AB was dormant at year-end.

Assets of MSEK 19.0 (0.0) and liabilities of MSEK 15.3 (0.0) have no controlling interest on the Group’s financial position.

22 STATEMENT OF CASH FLOWS

No cash and cash equivalents other than cash and bank balances exist; therefore, the definition of cash and cash equivalents is the same in both the statement of cash flows and the balance sheet.

	Group		Parent company	
Adjustment for non-cash items	**2015**	**2014**	**2015**	**2014**
Depreciation, amortisation and impairment of assets	21,9	21,7	3,3	4,0
Capital gain/loss on sale of fixed assets	-0.1	0.0	-0.1	0.0
Dividends received from subsidiaries	-	-	0.0	0.0
Impairment of shares in subsidiaries	-	-	0.0	0.0
Unrealised exchange rate differences	0.3	0.5	0.0	0.0
Provisions for pensions	-3.8	1.4	0,0	0,0
Other income and expense items not affecting liquidity	0,7	-1,3	0,1	0,3
	19.0	**22.3**	**3.3**	**4.3**
Investments in property, plant and equipment				
Capitalised in balance sheet	68.4	26.5	0.4	0.1
Acquired through finance leases	0.0	-10.9	0.0	0.0
Unpaid	-0.9	-0.9	0.0	0.0
Investments from previous years, paid this year	0.9	0.9	0.0	0.0
	68,4	**15,6**	**0,4**	**0,1**
Translation differences in cash and cash equivalents				
Exchange rate gains (+)/-losses(-) in opening cash and cash equivalents	-0,1	-0,4	0,0	0,0
Exchange rate gains (+)/-losses (-) in change in cash and cash equivalents	-1.0	0.5	0.0	0.0
	-1.1	**0.1**	**0.0**	**0.0**

A rights issue was completed in the previous year.
The issue raised MSEK 40.5 in new capital after deduction of issue costs.

23 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

The parent company has associated relations which involve a decisive influence over its subsidiaries, see note 21. For information on liabilities to and receivables from subsidiaries, see the parent company balance sheet. The parent company's revenue comprises revenues for services and rents, of which 98 per cent is earned from subsidiaries. These rents are determined based on market terms.

Out of the total votes of ProfilGruppen AB the Board members Bengt Stillström controls 28.4 per cent (26.7) and Mats Egeholm 10.5 per cent (10.5), respectively. The other Board members together control 0.04 per cent (0.03) of the votes. One of the Board's deputies holds 0.7 per cent (0.7) of the votes. Senior executives control a total of 0.06 per cent (0.14) of the votes in Profil-Gruppen AB.

For salaries and other remuneration, as well as costs and obligations related to pensions and similar benefits for the Board, CEO and other senior executives, see note 4.

The undersigned affirm that the Group and annual accounts have been prepared in accordance with the IFRS international accounting standards as adopted by the EU and with generally accepted accounting principles and provide a fair representation of the Group's and the company's position and profits and that the Group Directors' Report and the Directors' Report provide a fair summary of the development of the Group's and company's activities, position and profits and describe significant risks and factors of uncertainty that the companies that form part of the Group face.

ÅSEDA, 22 FEBRUARY 2016

Kåre Wetterberg
Chairman of the Board

Per Thorsell
CEO

Kurt Nilsson
Board member
Employee Representative

Ulf Näslund
Board member
Employee Representative

Mats Egeholm
Board member

Susanna Hilleskog
Board member

Bengt Stillström
Board member

Thomas Widstrand
Board member

Our auditor's report was submitted on 22 February 2016
Ernst & Young AB

Franz Lindström, Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of ProfilGruppen AB (publ), corp. ID no. 556277-8943

Report on the annual accounts and the consolidated accounts

We have conducted an audit of the annual accounts and consolidated accounts of ProfilGruppen AB (publ) for 2015. The company's annual accounts and consolidated accounts are included in the printed version of this document on pages 8–28.

Responsibility of the Board of Directors and the CEO for the annual accounts and the consolidated accounts

The Board and the CEO are responsible for preparing annual accounts that give a true and fair view in accordance with the Swedish Annual Accounts Act and consolidated accounts that give a true and fair view in accordance with International Financial Reporting Standards, as approved by the EU, and the Swedish Annual Accounts Act, and for the internal control the Board and CEO deem necessary in order to prepare annual accounts and consolidated accounts that are free from material misstatement, whether intentional or accidental.

Responsibility of the auditor

Our responsibility is to express an opinion on the annual accounts and the consolidated accounts based on our audit. We have conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that we comply with the requirements of professional ethics and plan and carry out our audit in order to obtain reasonable assurance that the annual accounts and the consolidated accounts are free from material misstatement.

An audit includes using various methods to obtain audit evidence supporting the amounts and disclosures in the annual accounts and the consolidated accounts. The auditor determines which measures are to be carried out, among other things by assessing the risks of material misstatement in the annual accounts and consolidated accounts, whether intentional or accidental. When making this risk assessment, the auditor considers those elements of internal control that are relevant to how the company prepares its annual accounts and consolidated accounts in order to give a true and fair view with the intention of designing audit procedures that are adapted to the circumstances, but not with the intention of providing a statement on the effectiveness of the company's internal control. An audit also includes an assessment of the appropriateness of the accounting principles applied and of the reasonableness of the assumptions made by the Board and the CEO in the report, as well as an assessment of the overall presentation of the annual accounts and consolidated accounts.

We consider the audit evidence we have obtained to be adequate and appropriate to form the basis for our opinion.

Opinion

It is our opinion that the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and provide in all material respects a true and fair view of the financial position of the parent company at 31 December 2015 and of its financial result and cash flows for the year in accordance with the Swedish Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and provide in all material respects a true and fair view of the financial position of the Group at 31 December 2015 and of its financial result and cash flows for the year in accordance with the International Financial Reporting Standards, as adopted by the EU, and the Swedish Annual Accounts Act. The Directors' report is consistent with the various sections of the annual accounts and the consolidated accounts.

We therefore recommend that the Annual General Meeting adopt the income statements and balance sheets for the parent company and the Group.

Report on other requirements under law and other statutes

In addition to our audit of the annual accounts and consolidated accounts, we have also reviewed the proposed allocation of the company's profit or loss, as well as the administration of the Board of Directors and the CEO of ProfilGruppen AB (publ) for the 2015 financial year.

Responsibility of the Board of Directors and the CEO

The Board of Directors is responsible for the proposed allocation of the company's profit or loss, and the Board of Directors and CEO are responsible for administration in accordance with the Swedish Companies Act.

Responsibility of the auditor

Our responsibility is to express an opinion, with reasonable certainty, on the proposed allocation of the company's profit or loss and on the administration on the basis of our audit. We have conducted our audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion concerning the Board's proposed allocation of the company's profit or loss, we have examined whether the proposal complies with the Swedish Companies Act.

As a basis for our opinion concerning discharge from liability, we have, in addition to our audit of the annual accounts and the consolidated accounts, examined significant decisions, actions taken and the circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the CEO. We also examined whether any Board member or the CEO has, in any other way, acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

We consider the audit evidence we have obtained to be adequate and appropriate to form the basis for our opinion.

Opinion

We recommend that the Annual General Meeting allocate the profit in accordance with the proposal in the Directors' report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

KALMAR, 22 FEBRUARY 2016

Ernst & Young AB

Franz Lindström, Authorised Public Accountant

CORPORATE GOVERNANCE REPORT
for ProfilGruppen 2015

ProfilGruppen is a Swedish public company, whose shares are listed on the Stockholm Stock Exchange on the SmallCap list. Corporate governance at ProfilGruppen is therefore based on the Swedish Corporate Governance Code (the Code), the Companies Act, the Annual Accounts Act, the rules and regulations of the Stockholm Stock Exchange, the Articles of Association, formal work plans, and other applicable laws and regulations.

DEVIATIONS FROM THE SWEDISH CORPORATE GOVERNANCE CODE

One deviation from the Code has been made. The deviation relates to the Nominating Committee and is explained under "Nominating Committee" below.

ANNUAL GENERAL MEETING 2015

The Annual General Meeting was held on 26 March 2015 in Åseda. The AGM was attended by shareholders, personally or by proxy, representing 61.2 per cent of the total number of votes in the company. The meeting was attended by the CEO, Per Thorsell, and the Group's management, the company's auditors and the Board of Directors. The Chairman of the Board, Kåre Wetterberg, was appointed to chair the meeting. The minutes from the meeting have been published on the company's website. It was resolved to re-elect Mats Egeholm, Bengt Stillström, Thomas Widstrand, Susanna Hilleskog and Kåre Wetterberg to the Board. Kåre Wetterberg was also elected Chairman of the Board.

ANNUAL GENERAL MEETING 2016

The Annual General Meeting 2016 will be held on 19 April 2016 at 4 p.m. in Folkets Hus in Åseda. Shareholders wishing to submit proposals to the Nominating Committee may contact the Nominating Committee by e-mail at *valberedningen@profilgruppen.se* or by writing to Valberedningen, ProfilGruppen AB, Box 36, SE-364 21 Åseda, Sweden. Shareholders wishing to submit an issue for discussion at the the AGM may do so by writing to the Chairman of ProfilGruppen at the above address or by sending an e-mail to *styrelsen@profilgruppen.se*. Information about the date, place and deadline for submission of proposals to the Board was notified in connection with the interim report for the third quarter.

NOMINATING COMMITTEE

At the 2015 Annual General Meeting it was resolved that the Nominating Committee should consist of four members and to charge the Chairman of the Board with the task of contacting the three largest shareholders before the end of the third quarter and, in consultation with the same, appoint members who, along with with the Chairman of the Board, will constitute the Nominating Committee. The nominating committee appoints a chairman from among its members.

In accordance with decision of the Annual General Meeting, representatives of the company's largest shareholders were contacted prior to the 2016 AGM and requested to appoint one member each to the nominating committee. The composition of the nominating committee was published on the company's website on 29 September 2015.

The Nominating Committee for the 2016 Annual General Meeting comprises:

Lars Johansson, shareholder, chairman of the Nominating Committee	14.5%
Bengt Stillström (Ringvägen Venture AB)	28.4%
Mats Egeholm, shareholder	7.2%
Kåre Wetterberg (Chairman of the Board)	

Under the Code, a majority of the members of the Nominating Committee must be independent in relation to the company and its management. At least one of the members must be independent in relation to the shareholder, or group of shareholders acting in concert in respect of the management of the company, which holds the largest share of votes. The Chairman of the Board or another Board member should not be chairman of the Nominating Committee. The company's major shareholders have appointed the Nominating Committee and its chairman based on what they believe is appropriate and are aware that this constitutes a deviation from the Code in the sense that a majority of the members of the Nominating Committee are also Board members.

Since its appointment the Nominating Committee has held three meetings at which minutes have been taken. The members of the Committee have also had contacts with each other and with the members of the Board and have studied the Board's evaluation of its work.

BOARD COMPOSITION AND REMUNERATION

At ProfilGruppen the Board of Directors shall comprise at least three and not more than seven members elected by a general meeting of shareholders, as well as a maximum of three deputies elected by a general meeting of shareholders. At the 2015 Annual General Meeting it was decided that the number of members should be five, with no deputies. In addition, the Board comprises two members and two deputies appointed by the employees.

The composition of the Board since the Annual General Meeting 2015 is presented on page 33. All Board members were independent in relation to the company in 2015. Bengt Stillström and Mats Egeholm are major shareholders of the company. The major shareholders are independent of each other.

In accordance with decisions made at the AGM, the fee paid to Board members for the period until the next AGM amounts to a total of SEK 840,000 (840,000). Fees are paid only to Board members elected by a general meeting of shareholders, as shown below. The Chairman of the Board has not received any remuneration in addition to his Directors' fees.

Member	Role	Remuneration
Kåre Wetterberg	Chairman	340,000
Mats Egeholm	Member	125,000
Bengt Stillström	Member	125,000
Susanna Hilleskog	Member	125,000
Thomas Widstrand	Member	125,000
Total fees		840,000

THE WORK OF THE BOARD OF DIRECTORS

Following the election of its members, the Board of Directors holds an inaugural Board meeting, at which the formal work plan for the coming year is adopted. The Board's mandate to the CEO is formulated in a set of instructions for the CEO.

Since the 2015 AGM the Board has held nine meetings, of which six were held in accordance with the rules of procedure for the Board. Attendance at these is shown in the table below. Key issues at these meetings are drawn from the formal work plan. The following items have been dealt with during the year:

March	inaugural meeting
March	strategic deal
April	interim report for the first quarter, review of investments and market conditions
June	strategy meeting with management
July	interim report for the second quarter
September	market situation and business plan
October	interim report for the third quarter, evaluation of the work of the Board, forecast for 2015 and Audit Committee matters
December	adoption of budget, business matters and Remuneration Committee matters
February 2016	closing of the books, year-end report, annual report and auditor's report

Board member attendance and number of meetings

Board	Board meetings
Kåre Wetterberg	9
Mats Egeholm	9
Susanna Hilleskog	9
Thomas Widstrand	9
Bengt Stillström	9
Tage Johansson[2]	8
Emelie Bergström[2]	9
Ulf Näslund[1]	8
Kurt Nilsson[1]	8
Total number of meetings since 2015 AGM	**9**

1) Appointed by the employees, regular
2) Appointed by the employees, deputy

The company's CEO and CFO, who is also the Board's secretary, were present at these meetings.

Members of the Board of Directors receive monthly reports from the management team on the company's current financial and operational development. A procedure for annual evaluation of the work of the Board exists. In 2015 all Board members completed written questionnaires covering the work of the Board in general, their own performance and the work of the Board Chairman. The Chairman has not been involved in compiling the questionnaires concerning his work. The evaluation serves as a basis for an action plan for improvements and contributes to the work of the Nominating Committee.

REMUNERATION COMMITTEE AND AUDIT COMMITTEE

Since the constituent Board meeting in 2015 the Remuneration Committee as well as the Audit Committee consist of all members of the Board. This means that guidelines and levels of remuneration for the management team are drafted and adopted by the Board.

Salary for management in 2015 consisted of one fixed element and one variable element. The size of variable remuneration has been linked to the consolidated operating profit. For the financial year 2015 variable remuneration of SEK 0 (39,000) was paid.

The actions taken to quality-assure the company's financial statements and audits, contacts with the auditors and internal control have also been monitored and evaluated by all members of the Board. The work of the external auditors has been evaluated and the Board has made a recommendation to the Nominating Committee ahead of the appointment of auditors at the 2016 Annual General Meeting.

CEO AND SENIOR MANAGEMENT

The senior management team of ProfilGruppen comprises the CEO and currently four function managers. At the end of November the company's CFO, Peter Schön, ended his employment at his own request and was replaced by Ulrika Bergmo Sköld.

Senior management is responsible for planning, managing and following up on day-to-day operations. The CEO runs the business in accordance with the framework established by the Board, which includes a set of work instructions. The CEO is responsible for keeping the Board informed on operations and for ensuring that the Board has the necessary data for decisions.

The senior management team holds regular management meetings. These meetings focus on the Group's strategic and operational progress and on assessments of results.

AUDITORS

At the 2015 Annual General Meeting the registered accountancy Ernst & Young was appointed auditors for the period until 2016. At the same meeting Franz Lindström was appointed chief auditor.

For the purpose of examining the Board of Directors' management of the company and meeting the Board's need for information, the auditors have since the 2015 AGM participated in two meetings with the Board. Apart from the audit and consultancy tasks on auditing and tax issues, the auditors have no other tasks at the ProfilGruppen group. Information on remuneration for the auditors can be found in note 5.

ARTICLES OF ASSOCIATION

The Articles of Association are available on the company's website and can only be amended by a resolution of a general shareholders' meeting.

THE SHARE

Each share in ProfilGruppen corresponds to one vote. Information on major shareholders is found in the Directors' Report.

THE BOARD'S REPORT ON INTERNAL CONTROL FOR 2015

The Board is responsible for the company having good internal control. Responsibility for maintaining an effective control environment and the ongoing work on internal control and risk management has been delegated to the Group's management team. The five main activities included in ProfilGruppen's work on internal control are creation of a control environment, risk assessment, control activities, information and communication, and follow-up.

CONTROL ENVIRONMENT

An important element of the Board's work is creating a relevant and effective control environment. The Board's formal work plan and instructions for the company's CEO aim to ensure clear allocation of roles and division of responsibility, which promotes effective management of operational risks.

The Board has also established a number of governing documents that are important for internal control. Examples of such documents include policies for the granting of credit, raw material purchases, currency hedging, remuneration and information security.

The Board evaluates the company's operational performance and results through monthly reports submitted by management, assessing economic outcomes and key performance indicators against targets.

ProfilGruppen has a simple legal and operational structure, which facilitates clarification of division of responsibility and swift action in the event of changed conditions. A clear delegation of responsibilities and authority form the basis for the Board's work to ensure compliance with internal control principles and applicable laws and regulations. All decisions concerning, for example, the overall strategy, acquisitions, major investments and general financial issues are prepared by management and made by the Board.

RISK ASSESSMENT

The company's CFO is responsible for annually assessing the risks in the financial reporting presented to the Board. An annual general risk assessment is a part of the Board's strategy work. The assessment and management of the most significant risks for ProfilGruppen are described in greater detail in the annual report.

CONTROL ACTIVITIES

The principal means of control are the detailed financial follow-up reports that are compiled each month. Work to prepare these includes analysis of deviations from, among other things, set goals and budgets. In addition to these general quality checks, there are daily checks of authorisations, access rights for IT systems and similar.

INFORMATION AND COMMUNICATION

The governing documents are distributed via the intranet, internal meetings, etc. There are guidelines for external communication which ensure that ProfilGruppen meets the stringent requirements concerning provision of accurate information to the financial markets.

FOLLOW-UP

The Board has the task of evaluating how the company's internal control system functions, as well as keeping up to date on important evaluations and assessments that provide the basis for the financial statements. The company's CFO is responsible for regular follow-up of the internal control and reports her findings to the Board at least once a year. The basis for financial governance and control is produced by the company's finance department.

At least once a year the Board meets with the external auditors to discuss the auditors' assessment of the company's internal control. The auditors report their findings to the Board through regular reviews and a year-end audit of the third quarter's interim report and the annual accounts. In view of the above the Board has determined that there is currently no need for a separate internal audit or review function.

Åseda, 22 February 2016
The Board of ProfilGruppen AB

Auditor's statement on the corporate governance report

To the Annual General Meeting of ProfilGruppen AB, corp. ID no. 556277-8943

The Board of Directors is responsible for the corporate governance report for 2015, which is found on pages 30–32, and for this being prepared in accordance with the Annual Accounts Act.

We have studied the Corporate Governance Report, and based on this study and our knowledge of the company and the Group, we believe we have sufficient grounds for our statements. Our statutory review of the Corporate Governance Report has a different focus and significantly narrower scope than a full audit conducted in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden.

We consider that a corporate governance report has been prepared, and that its legally prescribed content is consistent with the annual accounts and the consolidated accounts.

KALMAR, 22 FEBRUARY 2016
Ernst & Young AB

Franz Lindström, Authorised Public Accountant

BOARD OF DIRECTORS

1.


2.


3.


4.


5.


6.


7.


8.


9.


1. Ulf Näslund[1]
Born 1952
Employed at ProfilGruppen since 1990
Employee Representative
Board member since 2006
Shareholding in ProfilGruppen: 0

2. Susanna Hilleskog[3]
Born 1963
B.Sc.Econ.
CEO of Trelleborg Wheel Systems Nordic AB
Board member since 2009
Other directorships: Board member of Trelleborg Wheel Systems Nordic AB, Bim Kemi AB, Gullberg & Jansson AB (publ) and Svensk Däckåtervinning AB
Shareholding in ProfilGruppen: 500

3. Tage Johansson[1]
Born 1951
Employed at ProfilGruppen since 1981
Employee Representative
Deputy since 2001
Shareholding in ProfilGruppen: 50,289

4. Kåre Wetterberg[1]
Born 1949
M.Sc.Eng
Board member since 2013
Other directorships/positions: Consultant in the international aluminium industry and industrial advisor in the venture capital industry.
Shareholding in ProfilGruppen: 2,513

5. Bengt Stillström[2]
Born 1943
M.Sc.Eng
Formerly CEO and founder of AB Traction, currently Chairman of the same company.
Board member since 2012
Other directorships/principal positions: Chairman of Hifab Group AB. Board member of Ringvägen Venture AB and Feelgood AB.
Shareholding in ProfilGruppen: 2,099,983

6. Thomas Widstrand[3]
Born 1957
B.Sc.Econ.
President and CEO of Troax Group AB, Hillerstorp
Board member since 2012
Shareholding in ProfilGruppen: 0

7. Kurt Nilsson[1]
Born 1956
Employed at ProfilGruppen since 1981
Employee Representative
Board member since 2006
Shareholding in ProfilGruppen: 0

8. Emelie Bergström[1]
Born 1982
Employee of ProfilGruppen since 2002
Appointed by the employees
Deputy since 2012
Shareholding in ProfilGruppen: 0

9. Mats Egeholm[2]
Born 1945
B.Sc.Econ.
Former CFO of ProfilGruppen (1980-2004)
Board member since 2010
Other directorships: CEO of Östers Support AB (publ)
Shareholding in ProfilGruppen: 775,376

1) According to the Swedish Code of Corporate Governance, the Board member is to be regarded as dependent in relation to the company and management.
2) This Board member is a major shareholder of the company.
3) Independent in relation to the company and its management, and in relation to major shareholders of the company.

The shareholdings include any indirect holdings through companies or related parties.

SENIOR MANAGEMENT

1. Per Thorsell
President and CEO
Born 1967
Employed since 2014
Shareholding in ProfilGruppen: 2,000

2. Per Owe Isacson
Marketing and Sales Manager
Born 1956
Employed since 2013
Shareholding in ProfilGruppen: 2,700

3. Ulrika Bergmo Sköld
CFO
Born 1967
Employed since 2015
Shareholding in ProfilGruppen: 0

4. Ulrika Svensson
Manager HR
Born 1974
Employed since 2000
Shareholding in ProfilGruppen: 0

5. Torgny Magnusson
Production Manager
Born 1961
Employed since 1982
Shareholding in ProfilGruppen: 0

FINANCIAL TERMS

Proportion of risk-bearing capital	Equity and deferred tax expressed as a percentage of the balance sheet total
Return on equity	Profit/loss for the year expressed as a percentage of average equity
Return on capital employed	Profit/loss after financial items plus financial expenses as a percentage of average capital employed
Balance sheet total	The value of all assets, such as property, plant and equipment, inventories, trade receivables, and cash and cash equivalents
Capital employed turnover ratio	Revenue divided by average capital employed
Cash flow from operating activities	Cash flow from day-to-day activities, i.e. excludes financing and investments
Cash flow per share	Cash flow from operating activities divided by average number of shares
Liquidity reserves	Cash and bank balances and non-utilised credit commitments from banks at end of period
Net debt	Interest-bearing liabilities and interest-bearing provisions (provisions for pensions) less cash and cash equivalents
Net debt/equity ratio	Net debt divided by equity
Profit/loss before depreciation/amortisation	Operating profit/loss plus depreciation according to plan and impairment losses
Earnings per share	Profit/loss for the year divided by the average number of shares
Profit margin	Profit/loss after financial items expressed as a percentage of revenue
Interest coverage ratio	Profit/loss after financial items plus financial expenses divided by financial expenses
Operating margin	Operating profit/loss as a percentage of revenue
Equity ratio	Equity expressed as a percentage of the balance sheet total
Capital employed	Balance sheet total minus non-interest-bearing liabilities and deferred tax

The key performance indicators are based on figures for the Group, including non-controlling interests, except for earnings per share and net asset value per share.

GLOSSARY

Anodisation	Electrolytic surface treatment process that produces an insulating and decorative surface
Machining	Generic term for a variety of processes that further refine the aluminium extrusion, for example, bending, milling or surface treatment.
Extrusion	See Power-pressing
Processing	See Machining
Extrusion	Manufacturing extrusions by pressing an aluminium ingot through a die

FINANCIAL CALENDAR

Annual General Meeting 2016	19 April 2016, 4 p.m.
Interim report for the first quarter	19 April 2016, 8:45 a.m.
Interim report for the second quarter	21 July 2016, 8 a.m.
Interim report for the third quarter	26 October 2016, 8 a.m.
Year-end report 2016	February 2017

CONTACTS

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OTHER INFORMATION

Information is always available on our website
www.profilgruppen.com

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GoBrave and ProfilGruppen.
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ProfilGruppen is a supplier
of turnkey customised aluminium components and extrusions.

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